CITY OF FAIRFIELD, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

Table of Contents

	Page
Independent Auditor's Report	4
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	12
Statement of Net Position – Proprietary Funds	13
Statement of Revenues, Expense, and Changes in Net Position – Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15
Notes to Financial Statements	17
Required Supplementary Information:	
Budgetary (GAAP Basis) Comparison Schedule – General Fund	35
Budgetary (GAAP Basis) Comparison Schedule – Street Fund	36
Notes to Required Supplementary Information	37
Schedules of Required Supplementary Information – Pension	38
Supplementary Information	
Revenue Pie Chart – All Funds	40
Expenditure Pie Chart – All Funds	41
General Fund Balance Trend	42
Revenue & Expense Trend – Water Fund	43

Revenue & Expense Trend – Sewer Fund 44

Federal Reports

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* 46

Schedule of Findings 48

Management's Response 49

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Independent Auditor's Report

Honorable Mayor
and City Council
City of Fairfield, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Fairfield, Idaho (the City), 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, each major fund, and the remaining fund information of the City of Fairfield, Idaho, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Fairfield, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Auditor's 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the City's proportionate share of the net pension liability, and schedule of City contributions on pages 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fairfield, Idaho's basic financial statements. The revenue and expenditure pie charts for all funds, general fund balance trend, and revenue and expense for the water and sewer funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2025 on our consideration of the City of Fairfield, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fairfield, Idaho's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
June 3, 2025

City of Fairfield, Idaho
Statement of Net Position
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 1,248,704	$ 343,124	$ 1,591,828
Property Taxes Receivable, Net	10,604	-	10,604
Accounts Receivable, Net	-	34,449	34,449
Due from Other Governments	13,928	-	13,928
Noncurrent Assets:			
Restricted Cash	-	157,594	157,594
Long-Term Investments	99,273	-	99,273
Capital Assets:			
Land and Construction in Progress	166,854	350	167,204
Buildings, Net	316,565	1,537,193	1,853,758
Improvements, Net	756,936	3,684,868	4,441,804
Equipment, Net	109,068	39,014	148,082
Total Capital Assets	1,349,423	5,261,425	6,610,848
Total Assets	2,721,932	5,796,592	8,518,524
Deferred Outflows			
Pension Related Items	15,940	12,524	28,464
Total Deferred Outflows	15,940	12,524	28,464
Liabilities			
Current Liabilities:			
Accounts Payable	48,004	4,903	52,907
Accrued Interest Payable	-	25,938	25,938
Portion Due or Payable Within One Year:			
Bond Payable	-	82,464	82,464
Compensated Absences	1,781	1,464	3,245
Long-term Liabilities:			
Portion Due or Payable After One Year:			
Bond Payable	-	2,262,616	2,262,616
Net Pension Liability	64,832	50,940	115,772
Total Liabilities	114,617	2,428,325	2,542,942
Deferred Inflows			
Pension Related Items	1,177	924	2,101
Total Deferred Inflows	1,177	924	2,101
Net Position			
Invested in Capital Assets, Net of Related Debt	1,349,423	2,916,345	4,265,768
Restricted for:			
Debt Reserve	-	157,594	157,594
Streets & Alleys	105,994	-	105,994
Unrestricted (Deficit) Surplus	1,166,661	305,928	1,472,589
Total Net Position	$ 2,622,078	$ 3,379,867	$ 6,001,945

The accompanying notes are an integral part of the financial statements.

City of Fairfield, Idaho
Statement of Activities
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary Government:							
Governmental Activities:							
General Government	$ 184,773	$ 36,429	$ 4,166	$ 338,696	$ 194,518	$ -	$ 194,518
Public Safety	80,419	-	250	-	(80,169)	-	(80,169)
Highways and Streets	90,995	-	-	-	(90,995)	-	(90,995)
Culture and Recreation	235,630	-	2,941	-	(232,689)	-	(232,689)
Depreciation	75,500	-	-	-	(75,500)	-	(75,500)
Total Governmental Activities	667,317	36,429	7,357	338,696	(284,835)	-	(284,835)
Business-type Activities:							
Water	188,585	187,070	-	-	-	(1,515)	(1,515)
Sewer	221,660	155,920	-	-	-	(65,740)	(65,740)
Total Business-type Activities	410,245	342,990	-	-	-	(67,255)	(67,255)
Total Primary Government	$ 1,077,562	$ 379,419	$ 7,357	$ 338,696	(284,835)	(67,255)	(352,090)
General Revenues:							
Property Taxes					201,674	-	201,674
State Sources					132,725	-	132,725
Franchise Fees					22,907	-	22,907
Other					62,047	-	62,047
Unrestricted Investment Earnings					65,757	15,373	81,130
Disposal of Capital Assets					55	-	55
Total General Revenues and Special Items					485,165	15,373	500,538
Change in Net Position					200,330	(51,882)	148,448
Net Position, Beginning of Year					2,421,748	3,431,749	5,853,497
Net Position, End of Year					$ 2,622,078	$ 3,379,867	$ 6,001,945

The accompanying notes are an integral part of the financial statements.

City of Fairfield, Idaho
Balance Sheet - Governmental Funds
September 30, 2024

	General	Street	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 1,142,710	$ 105,994	$ 1,248,704
Investments	99,273	-	99,273
Receivables, Net:			
Property Tax	10,604	-	10,604
Due from Other Governments	13,928	-	13,928
Total Assets	$ 1,266,515	$ 105,994	$ 1,372,509
Liabilities			
Accounts Payable	$ 48,004	$ -	$ 48,004
Total Liabilities	48,004	-	48,004
Deferred Inflows			
Unavailable Revenue - Property Taxes	9,809	-	9,809
Fund Balances			
Nonspendable:			
Restricted	-	105,994	105,994
Unassigned	1,208,702	-	1,208,702
Total Fund Balances	1,208,702	105,994	1,314,696
Total Liabilities, Deferred Inflows and Fund Balances	$ 1,266,515	$ 105,994	$ 1,372,509

The accompanying notes are an integral part of the financial statements.

City of Fairfield, Idaho
Reconciliation of the Balance Sheet of the Governmental
Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 1,314,696
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:		
Land	$ 36,084	
Construction in Progress	130,770	
Building, Net of $175,212 Accumulated Depreciation	316,565	
Infrastructures, Net of $150,239 Accumulated Depreciation	451,440	
Equipment, Net of $422,001 Accumulated Depreciation	109,068	
Sidewalks, Net of $167,528 Accumulated Depreciation	305,496	
Total Capital Assets		1,349,423
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.		9,809
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated Absences	$ (1,781)	
		(1,781)
The City participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (64,832)	
Pension Related Deferred Outflows	15,940	
		(50,069)
Net Position of Governmental Activities		$ 2,622,078

The accompanying notes are an integral
part of the financial statements.

City of Fairfield, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Governmental Funds
For the Year Ended September 30, 2024

	General	Street	Total Governmental Funds
Revenues			
Property Taxes	$ 201,560	$ -	$ 201,560
Licenses and Permits	36,429	-	36,429
Intergovernmental	85,243	47,482	132,725
Grant Income	338,696	-	338,696
Interest Earned	65,757	-	65,757
Donations & Contributions	7,357	-	7,357
Franchise Fees	22,907	-	22,907
Other	62,047	-	62,047
Total Revenues	819,996	47,482	867,478
Expenditures			
Current:			
Administrative	300,763	-	300,763
Public Safety	80,419	-	80,419
Highways and Streets	15,003	72,090	87,093
Culture and Recreation	235,630	-	235,630
Contingency Fund	2,425	-	2,425
Total Expenditures	634,240	72,090	706,330
Excess (Deficiency) of Revenues Over Expenditures)	185,756	(24,608)	161,148
Other Financing Sources (Uses)			
Gain/(Loss) on Disposal of Assets	55	-	55
Total Other Financing Sources (Uses)	55	-	55
Net Change in Fund Balances	185,811	(24,608)	161,203
Fund Balances - Beginning	1,022,891	130,602	1,153,493
Fund Balances - Ending	$ 1,208,702	$ 105,994	$ 1,314,696

The accompanying notes are an integral
part of the financial statements.

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

Total Net Change in Fund Balance - Governmental Funds		$ 161,203
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:		
Capital Outlay	$ 130,770	
Depreciation Expense	(75,500)	
Net		55,270
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 and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		114
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences.		549
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.		(16,806)
Change in Net Position of Governmental Activities		$ 200,330

The accompanying notes are an integral
part of the financial statements.

City of Fairfield, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2024

	Water	Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ -	$ 343,124	$ 343,124
Internal Balances	-	75,275	75,275
Accounts Receivable, Net	13,069	21,380	34,449
Total Current Assets	13,069	439,779	452,848
Noncurrent Assets:			
Restricted Cash	87,107	70,487	157,594
Capital Assets:			
Land	350	-	350
Buildings, Net	-	1,537,193	1,537,193
Infrastructure, Net	33,631	5,383	39,014
Equipment, Net	2,402,381	1,282,487	3,684,868
Total Noncurrent Assets	2,523,469	2,895,550	5,419,019
Total Assets	2,536,538	3,335,329	5,871,867
Deferred Outflows			
Pension Related Items	6,262	6,262	12,524
Total Deferred Outflows	6,262	6,262	12,524
Liabilities			
Current Liabilities:			
Internal Balances	75,275	-	75,275
Accounts Payable	4,479	424	4,903
Compensated Absences	733	731	1,464
Accrued Interest Payable	15,788	10,150	25,938
Bonds, Notes, and Loans Payable	42,187	40,277	82,464
Total Current Liabilities	138,462	51,582	190,044
Noncurrent Liabilities:			
Bonds, Notes, and Loans Payable	1,001,493	1,261,123	2,262,616
Net Pension Liability	25,470	25,470	50,940
Total Noncurrent Liabilities	1,026,963	1,286,593	2,313,556
Total Liabilities	1,165,425	1,338,175	2,503,600
Deferred Inflows			
Pension Related Items	462	462	924
Total Deferred Inflows	462	462	924
Net Position			
Invested in Capital Assets, Net of Related Debt	1,392,682	1,523,663	2,916,345
Restricted - Debt Reserve	87,107	70,487	157,594
Unrestricted	(102,876)	408,804	305,928
Total Net Position	$ 1,376,913	$ 2,002,954	$ 3,379,867

The accompanying notes are an integral part of the financial statements.

City of Fairfield, Idaho
Statement of Revenues, Expense, and
Changes in Net Position -
Proprietary Funds
For the Year Ended September 30, 2024

	Water	Sewer	Total
Operating Revenues			
Charges for Services	$ 184,983	$ 155,920	$ 340,903
Miscellaneous	2,087	-	2,087
Total Operating Revenues	187,070	155,920	342,990
Operating Expenses			
Salaries	36,358	36,359	72,717
Benefits	16,299	16,301	32,600
Insurance	2,578	2,078	4,656
Professional Services	-	1,029	1,029
Miscellaneous	2,815	6,091	8,906
Repairs and Maintenance	9,055	8,665	17,720
Supplies	3,178	1,381	4,559
Utilities	21,055	6,929	27,984
Capital Outlay	7,280	11,676	18,956
Depreciation	63,333	98,510	161,843
Contingency Reserve	-	-	-
Total Operating Expenses	161,951	189,019	350,970
Income (Loss) From Operations	25,119	(33,099)	(7,980)
Nonoperating Revenues (Expenses)			
Interest Earned	4,364	11,009	15,373
Interest Expense	(26,634)	(32,641)	(59,275)
Total Nonoperating Revenues (Expenses)	(22,270)	(21,632)	(43,902)
Change in Net Position	2,849	(54,731)	(51,882)
Total Net Position - Beginning	1,374,064	2,057,685	3,431,749
Total Net Position - Ending	$ 1,376,913	$ 2,002,954	$ 3,379,867

The accompanying notes are an integral
part of the financial statements.

City of Fairfield, Idaho
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2024

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from Customers	$ 190,931	$ 160,584	$ 351,515
Payments to Suppliers	(52,553)	(45,891)	(98,444)
Payments to Employees	(46,281)	(46,281)	(92,562)
Net Cash Provided (Used) by Operating Activities	92,097	68,412	160,509
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities			
Purchases and Construction of Capital Assets	(16,170)	-	(16,170)
Principal Paid on Capital Debt	(41,150)	(39,453)	(80,603)
Interest Paid on Capital Debt	(27,360)	(32,907)	(60,267)
Net Cash Used by Capital and Related Financing Activities	(84,680)	(72,360)	(157,040)
Cash Flows From Investing Activities			
Interest and Dividends	4,364	11,009	15,373
Net Cash Provided (Used) by Investing Activities	4,364	11,009	15,373
Net Increase (Decrease) in Cash and Cash Equivalents	11,781	7,061	18,842
Cash and Cash Equivalents - Beginning	51	481,825	481,876
Cash and Cash Equivalents - Ending	$ 11,832	$ 488,886	$ 500,718
Displayed As:			
Cash	$ -	$ 343,124	$ 343,124
Restricted Cash	87,107	70,487	157,594
Internal Balances	(75,275)	75,275	-
	$ 11,832	$ 488,886	$ 500,718

The accompanying notes are an integral part of the financial statements.

City of Fairfield, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2024

	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 25,119	$ (33,099)	$ (7,980)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	63,333	98,510	161,843
(Increase) Decrease in Accounts Receivable	3,861	4,664	8,525
(Increase) Decrease in Deferred Outflows	2,840	2,840	5,680
Increase (Decrease) in Accounts Payable	(6,592)	(8,042)	(14,634)
Increase (Decrease) in Compensated Absences	(226)	(225)	(451)
Increase (Decrease) in Net Pension Liability	3,300	3,302	6,602
Increase (Decrease) in Deferred Inflows	462	462	924
Net Cash Provided (Used) by Operating Activities	$ 92,097	$ 68,412	$ 160,509

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Fairfield, Idaho (the City), which has responsibility and control over all activities related to public safety, planning and zoning, parks, roads and streets, water, and sewer services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Council members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

For financial reporting purposes, management has considered all potential component units which are controlled or whose boards are appointed by the City Council. Control by the City was determined on the basis of budget adoption, the selection of management, ability to significantly influence operations, accountability for fiscal matters, and other factors. Based on these criteria, there were no component units included in the City's report.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

- Indirect expenses—expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any remaining governmental and enterprise funds would be aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Street fund.* This fund accounts for the activities related to the City's roads and streets.

Proprietary fund operating revenues and expenses are related to providing sanitation, water, and sewer services to the residents and businesses of the City of Fairfield, Idaho and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City reports the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the operations and collections of the City's sewer system.

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Prepaid items that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position/fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

In the Street fund, external parties require that property taxes, grants, and intergovernmental revenues are to be used to maintain, build, or improve the City's roads and streets.

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade receivables are shown net of an allowance for doubtful accounts. As of September 30, 2024, there were no allowances in any of the funds.

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$5,000	Straight-Line	10 – 50 Years
Equipment and Vehicles	$5,000	Straight-Line	3 – 30 Years

General infrastructure assets acquired prior to October 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

The City uses the vesting method to compute compensated absences awarded to employees.

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the City's deposits was $392,427 and the respective bank balances totaled $441,960 . All of the bank balance was insured through the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, all of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were not exposed to credit risk. The City also had of petty cash on hand. The City does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the City's investment in the pool is the same as the value of the pool shares.

It is the City's policy to limit investments to the safest types of securities and to diversify the City's investment portfolio so that potential losses on securities will be minimized. The City follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The City's investments at September 30, 2024, are summarized below:

		Maturity (In Years)	
Investment Type	Fair Value	Less Than 1	1-5
External Investment Pool	$ 1,356,965	$ 1,356,965	$ -
U.S. Government Bonds	99,273	-	99,273
	$ 1,456,238	$ 1,356,965	$ 99,273

At year-end, cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 220,132	$ 172,325	$ 392,457
Restricted	-	157,594	157,594
Investments categorized as deposits	1,028,572	170,799	1,199,371
Investments	99,273	-	99,273
	$ 1,347,977	$ 500,718	$ 1,848,695

The City has set aside $157,594 in accordance with debt restrictions.

On September 30, 2023, the City had the following recurring fair value measurements:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Government Bonds	99,273	-	-	99,273
	$ 99,273	$ -	$ -	$ 99,273

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a "consensus price" or a weighted average price for each security. The City receives market prices for these securities from a variety of industry standard data providers (e.g. Bloomberg), security master fields from large financial institutions, and other third-party sources. Through the help of an investment advisor, the City uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

Securities held as Level 1 are valued using the following approach.

- U.S. Government Bonds, Money Markets: quoted prices for identical securities in markets that are active.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing of $13,928 due from the State of Idaho.

4. PROPERTY TAXES

The City receives tax revenue from Camas County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2024, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

5. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) 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 public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. The City of Fairfield, Idaho's contributions were $17,744 for the year ended September 30, 2024.

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

At September 30, 2024, the City of Fairfield, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Fairfield, Idaho's proportion of the net pension liability was based on the City of Fairfield Idaho'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, 2024, the City of Fairfield, Idaho's proportion was 0.00309496% percent.

For the year ended September 30, 2024, the City of Fairfield recognized pension expense/ (revenue) of $47,755 . At September 30, 2024, the City of Fairfield, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,432	$ -
Changes in assumptions or other inputs	4,585	-
Net difference between projected and actual earnings on pension plan investments	-	2,101
City of Fairfield, Idaho's contributions subsequent to the measurement date	5,447	-
Total	$ 28,464	$ 2,101

$5,447 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, 2024.

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, 2024, the beginning of the measurement period ended June 30, 2023, is 4.6 and 4.6 for the measurement period June 30, 2024.

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:

For the Year Ended September 30:	PERSI
2025	$ 11,161
2026	21,586
2027	(3,722)
2028	(2,661)

Actuarial Assumptions

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

The total pension liability in the June 30, 2023 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 expense
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and all Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and all Beneficiaries – Females Pub-2010 General Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions. The Total Pension Liability as of June 30, 2023, is based on the results of an actuarial valuation date of July 1, 2024.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions.

Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	
Fixed Income	30.00%
US/ Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

Discount Rate

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

Sensitivity of the 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 (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 220,002	$ 115,771	$ 30,642

Pension plan fiduciary net position

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

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

6. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in accumulated vacation are as follows:

	9/30/2023	Earned	Used	9/30/2024	Current
Governmental Activities	$ 2,329	$ 2,267	$ (2,815)	$ 1,781	$ 1,781
Business-type Activities	1,915	1,863	(2,314)	1,464	1,464
	$ 4,244	$ 4,130	$ (5,129)	$ 3,245	$ 3,245

7. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, medical insurance costs, and professional liabilities.

8. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	9/30/23	Additions	Disposals	9/30/24
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 36,084	$ -	$ -	$ 36,084
Construction in Progress	129,749	130,770	(129,749)	130,770
Total	165,833	130,770	(129,749)	166,854
Capital Assets Being Depreciated:				
Buildings	362,028	129,749	-	491,777
Equipment	548,982	-	(17,913)	531,069
Sidewalks	473,024	-	-	473,024
Infrastructure	601,679	-	-	601,679
Total Historical Cost	1,985,713	129,749	(17,913)	2,097,549
Less: Accumulated Depreciation				
Buildings	160,215	14,997	-	175,212
Equipment	415,491	24,423	(17,913)	422,001
Sidewalks	143,877	23,651	-	167,528
Infrastructure	137,810	12,429	-	150,239
Total Accumulated Depreciation	857,393	75,500	(17,913)	914,980
Net Depreciable Assets	1,128,320	54,249	-	1,182,569
Governmental Activities - Net	$ 1,294,153	$ 185,019	$ (129,749)	$ 1,349,423
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 350	$ -	$ -	$ 350
Construction in Progress	1,590,200	-	(1,590,200)	-
Total	1,590,550	-	(1,590,200)	350
Capital Assets Being Depreciated:				
Buildings	-	1,590,200	-	1,590,200
Equipment	125,246	16,170	-	141,416
Water & Sewer Systems	5,675,214	-	-	5,675,214
Total Historical Cost	5,800,460	1,606,370	-	7,406,830
Less: Accumulated Depreciation				
Buildings	-	53,007	-	53,007
Equipment	95,637	6,765	-	102,402
Water & Sewer Systems	1,888,275	102,071	-	1,990,346
Total Accumulated Depreciation	1,983,912	161,843	-	2,145,755
Net Depreciable Assets	3,816,548	1,444,527	-	5,261,075
Business-type Activities - Net	$ 5,407,098	$ 1,444,527	$ (1,590,200)	$ 5,261,425

Depreciation expense was charged to the functions of the City as follows:

Governmental Activites:	
General	$ 75,500
Business-type Activites	
Water	$ 63,333
Sewer	98,510
	$ 161,843

All assets that were constructed using the bond funds were completed in prior years, so no interest has been capitalized in the enterprise funds.

9. LESSOR AGREEMENTS

In July of 2018 the city entered into a land lease with Verizon Wireless for the use of the land for their cell tower. The lease was for 5 years with the option to renew. The future payments expected are as follows:

Year Ending September 30,	Amount
2025	$ 15,852
2026	16,169
2027	16,492
2028	16,822
	$ 65,335

Lease income for the year ended September 30, 2024 was $18,215 .

10. LONG-TERM LIABILITIES

Business-type Activities – Sewer Fund Note Payable

The City issued a 2010 Series Subordinate Lien Sewer Revenue Bonds, in the amount of $860,000. The bond was issued to fund the construction and upgrade of the city's sewer storage and supply system. This Bond constitutes a special obligation of the city solely secured by a lien on the net revenues of the sewer revenue system.

With the purchase of the $860,000 2010 revenue bond, the USDA – Rural Development required that a reserve fund be funded at the rate of one-tenth of one annual bond payment, $4,531 each year, until the amount so accumulated is equal to one average annual payment of debt service on the bond.

Business-type Activities – Water Fund Notes Payable

2015 Series – Water Revenue Bonds

The City issued $230,000 of Series 2015 Revenue Bond, with a maturity date of 2046, and bearing interest at 2.65% per annum. Payments are due in December of each year. The Bonds were issued to pay for domestic water system upgrades.

USDA Rural Development Bonds – 2013 Series – Water Revenue Bonds

The City issued a 2013 series Subordinate Lien Water Revenue Bonds, in the amount of $1,200,000. The bond was issued to fund the construction and upgrade the city's water system. This Bond constitutes a special obligation of the city solely secured by a lien on the net revenues of the sewer revenue system.

USDA Rural Development Bond – 2024 – Sewer Revenue Bond

The City issued $756,300 of Series 2024 Revenue Bond, with a maturity date of 2063, and bearing interest at 1.88% per annum. Payments are due in July of each year. The Bonds were issued to pay for domestic water system upgrades.

Changes in long-term obligations for the year ended September 30, 2024, are as follows:

Description	Maturity	Rate	Required Reserve	9/30/23	Increase	Decrease	9/30/24	Current Portion
Business-type Activities:								
2010 Sewer Loan	2040	3.25%	$ 45,314	$ 584,553	$ -	$ (26,316)	$ 558,237	$ 27,171
2013 Water Loan	2043	3.00%	$ 57,336	893,744	-	(34,992)	858,752	35,867
2015 Water Loan	2046	2.65%	10,057	191,086	-	(6,158)	184,928	6,320
2024 Sewer Loan	2063	1.880%	2,705	756,300	-	(13,137)	743,163	13,106
				$ 2,425,683	$ -	$ (80,603)	$ 2,345,080	$ 82,464

Debt service requirements on long-term debt at September 30, 2024, are as follows:

Year Ending September 30,	Business-type Activities Bonds and Notes Principal	Interest
2025	$ 82,464	$ 58,405
2026	84,655	56,215
2027	86,907	53,962
2028	89,220	51,649
2029	91,598	49,271
2030 - 2034	495,986	208,361
2035 - 2039	566,027	138,320
2040 - 2044	398,117	67,512
2045 - 2049	120,094	36,582
2050 - 2054	108,246	26,980
2055 - 2059	118,781	16,444
2060 - 2064	103,256	4,884
	$ 2,345,352	$ 768,586

Total interest incurred and expenses was $26,634 and $32,641 for the water and sewer funds respectively. No interest was capitalized during the period.

11. OTHER COMMITMENTS

The City has credit cards with a total credit limit of $3,000. At September 30, 2024, $750 of the available credit was in use.

REQUIRED SUPPLEMENTARY INFORMATION

City of Fairfield, Idaho
Budgetary (GAAP Basis) Comparison Schedule - General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 184,790	$ 184,790	$ 201,560	$ 16,770
Licenses and Permits	9,125	9,125	36,429	27,304
Intergovernmental	138,705	138,705	85,243	(53,462)
Grant Income	1,058,236	1,058,236	338,696	(719,540)
Interest Earned	18,290	18,290	65,757	47,467
Other	71,677	71,677	62,047	(9,630)
Donations & Contributions	8,835	8,835	7,357	(1,478)
Franchise Fees	21,736	21,736	22,907	1,171
Total Revenues	1,511,394	1,511,394	819,996	(691,398)
Expenditures				
Current:				
General Government	1,082,942	1,082,942	300,763	782,179
Public Safety	128,477	128,477	80,419	48,058
Streets	22,000	22,000	15,003	6,997
Culture and Recreation	293,005	293,005	235,630	57,375
Contingency Fund	17,451	17,451	2,425	15,026
Total Expenditures	1,543,875	1,543,875	634,240	909,635
Excess (Deficiency) of Revenues Over Expenditures	(32,481)	(32,481)	185,756	218,237
Other Financing Sources (Uses)				
Gain (Loss) on Disposal of Assets	250	250	55	(195)
Transfer Out	(25,000)	(25,000)	-	25,000
Total Other Financing Sources (Uses)	(24,750)	(24,750)	55	24,805
Net Change in Fund Balances	(57,231)	(57,231)	185,811	243,042
Fund Balances - Beginning	57,231	57,231	1,022,891	965,660
Fund Balances - Ending	$ -	$ -	$ 1,208,702	$ 1,208,702

City of Fairfield, Idaho
Budgetary (GAAP Basis) Comparison Schedule - Street Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Intergovernmental	$ 59,212	$ 59,212	$ 47,482	$ (11,730)
Grant Income	51,537	51,537	-	(51,537)
Total Revenues	110,749	110,749	47,482	(63,267)
Expenditures				
Current:				
Highways and Streets	98,045	98,045	72,090	25,955
Contingency Fund	25,874	25,874	-	25,874
Total Expenditures	123,919	123,919	72,090	51,829
Excess (Deficiency) of Revenues Over Expenditures	(13,170)	(13,170)	(24,608)	(11,438)
Net Change in Fund Balances	(13,170)	(13,170)	(24,608)	(11,438)
Fund Balances - Beginning	13,170	13,170	130,602	117,432
Fund Balances - Ending	$ -	$ -	$ 105,994	$ 105,994

1. BUDGETS AND BUDGETARY ACCOUNTING

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

A. Prior to September 1, the Department Heads, the City Treasurer, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at the City Hall to obtain landowner and resident comments.

C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

D. The City is authorized to transfer budgeted amounts between departments within any non-enterprise fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.

E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

City of Fairfield, Idaho
Schedule of Required Supplemental Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the City's Proportionate Share of Net Pension Liability

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0030950%	$ 115,772	$ 155,538	74.43%	85.54%
2023	0.0025250%	100,765	121,993	82.60%	83.83%
2022	0.0030243%	119,121	114,684	103.87%	83.09%
2021	0.0029355%	(2,318)	119,011	-1.95%	100.36%
2020	0.0032380%	75,191	109,955	68.38%	88.22%
2019	0.0033637%	49,615	114,893	43.18%	93.79%
2018	0.0033637%	49,616	108,224	45.85%	91.69%
2017	0.0032902%	51,708	102,191	50.60%	90.68%
2016	0.0037834%	76,695	110,654	69.31%	87.26%
2015	0.0037674%	49,095	105,521	46.53%	91.38%

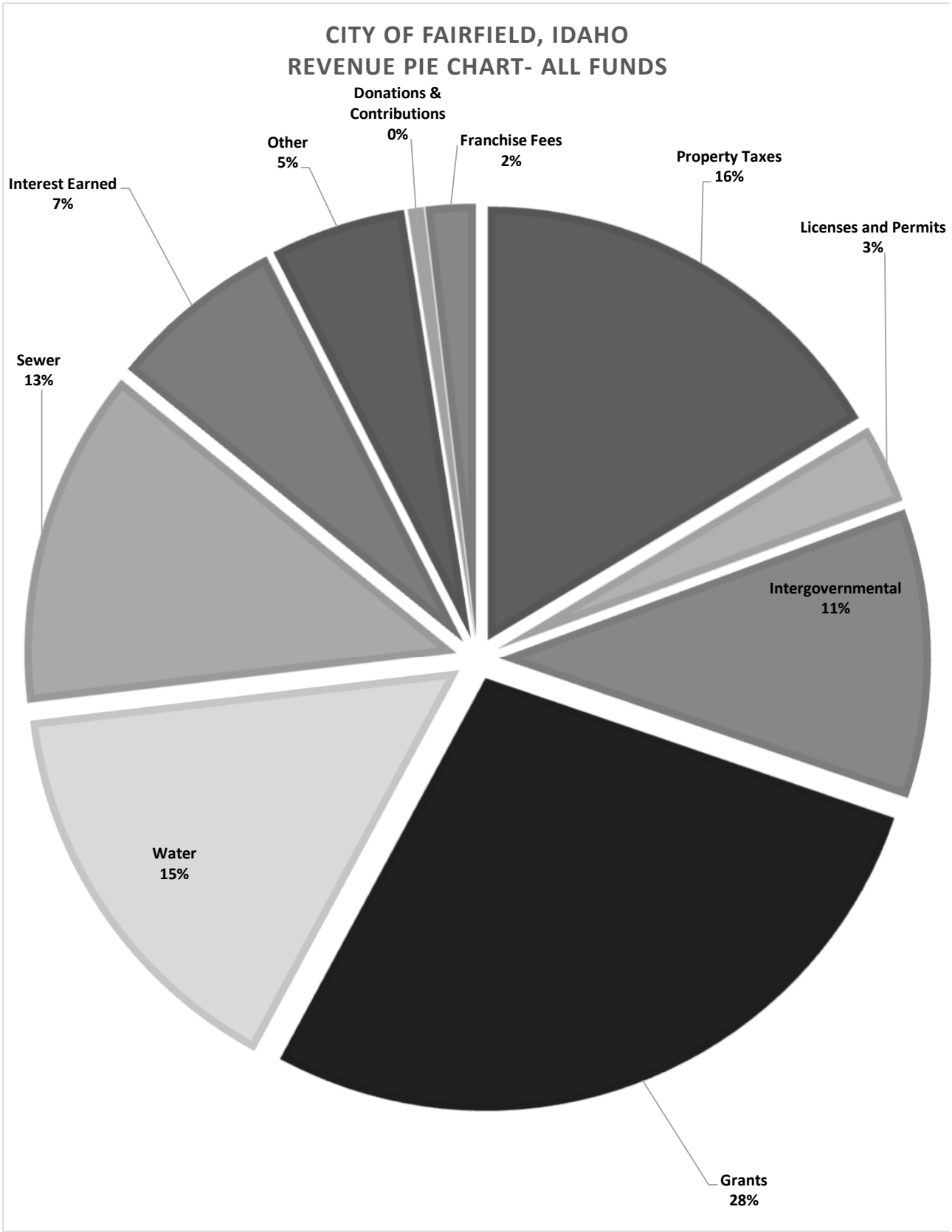
Data reported is measured as of June 30, 2024

Schedule of City Contributions

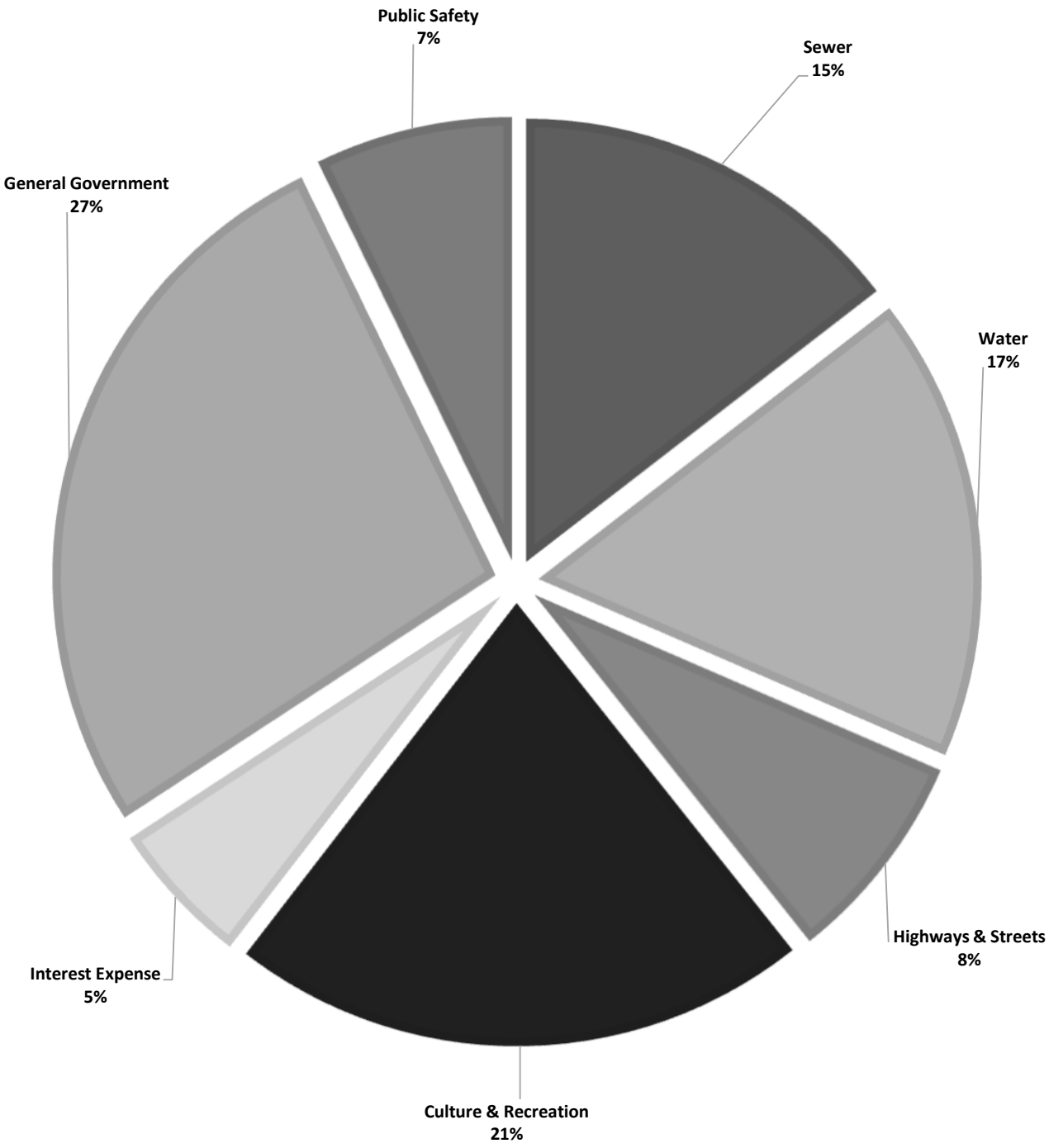
Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2024	$ 17,744	$ 17,744	$ -	$ 155,538	11.41%
2023	14,249	14,249	-	121,993	11.68%
2022	13,693	13,693	-	114,684	11.94%
2021	14,210	14,210	-	119,011	11.94%
2020	13,129	13,129	-	109,955	11.94%
2019	13,767	13,767	-	114,893	11.98%
2018	12,251	12,251	-	108,224	11.32%
2017	11,568	11,568	-	102,191	11.32%
2016	12,526	12,526	-	110,654	11.32%
2015	11,945	11,945	-	105,521	11.32%

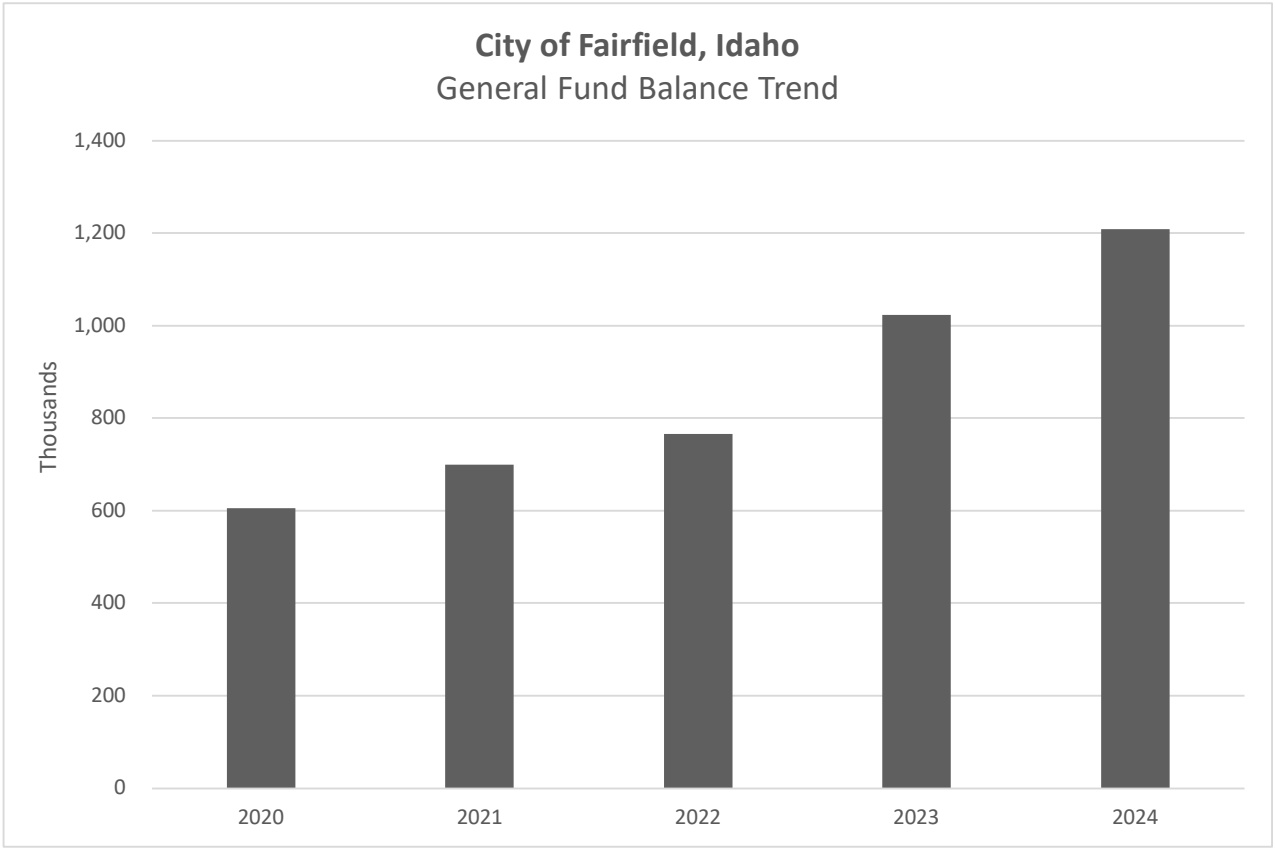
Data reported is measured as of September 30, 2024

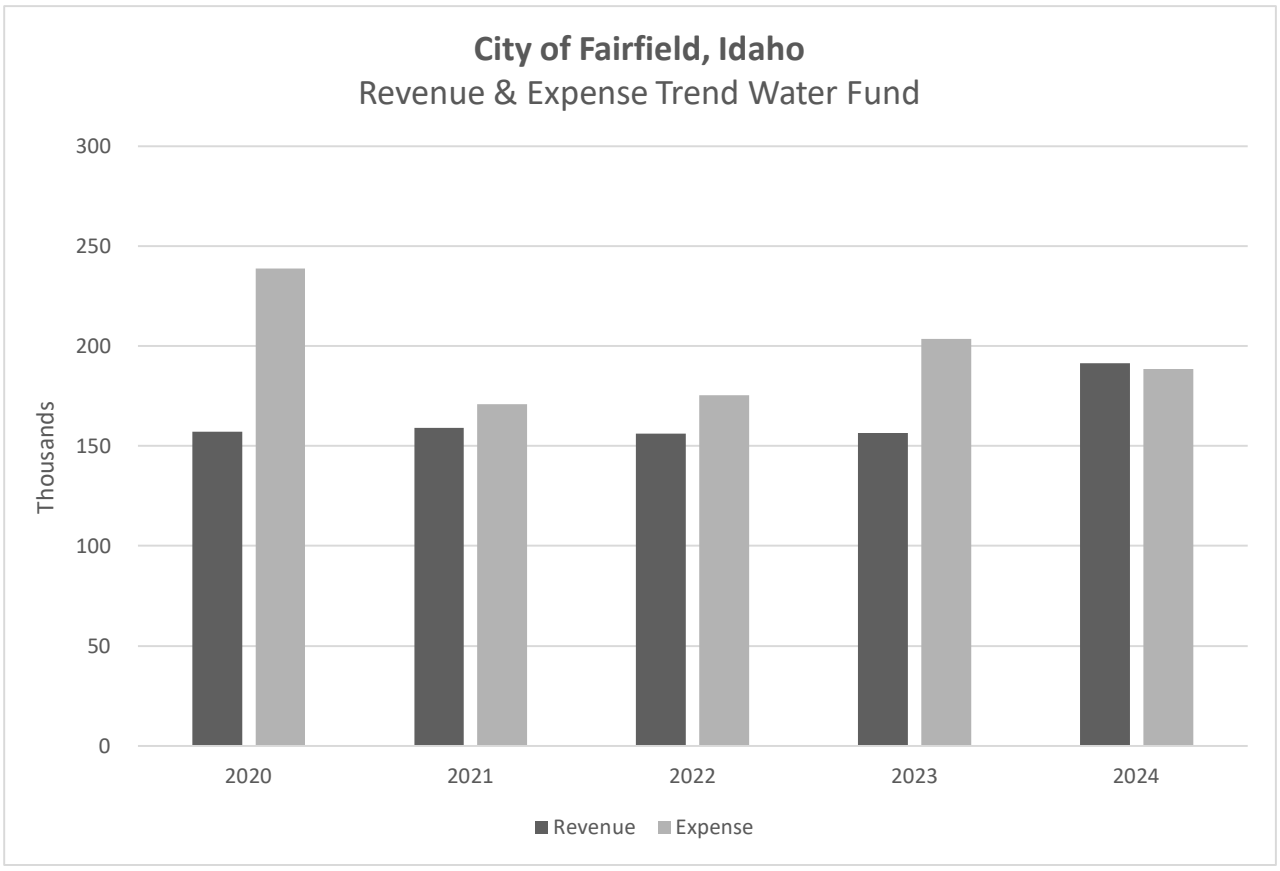
SUPPLEMENTAL INFORMATION

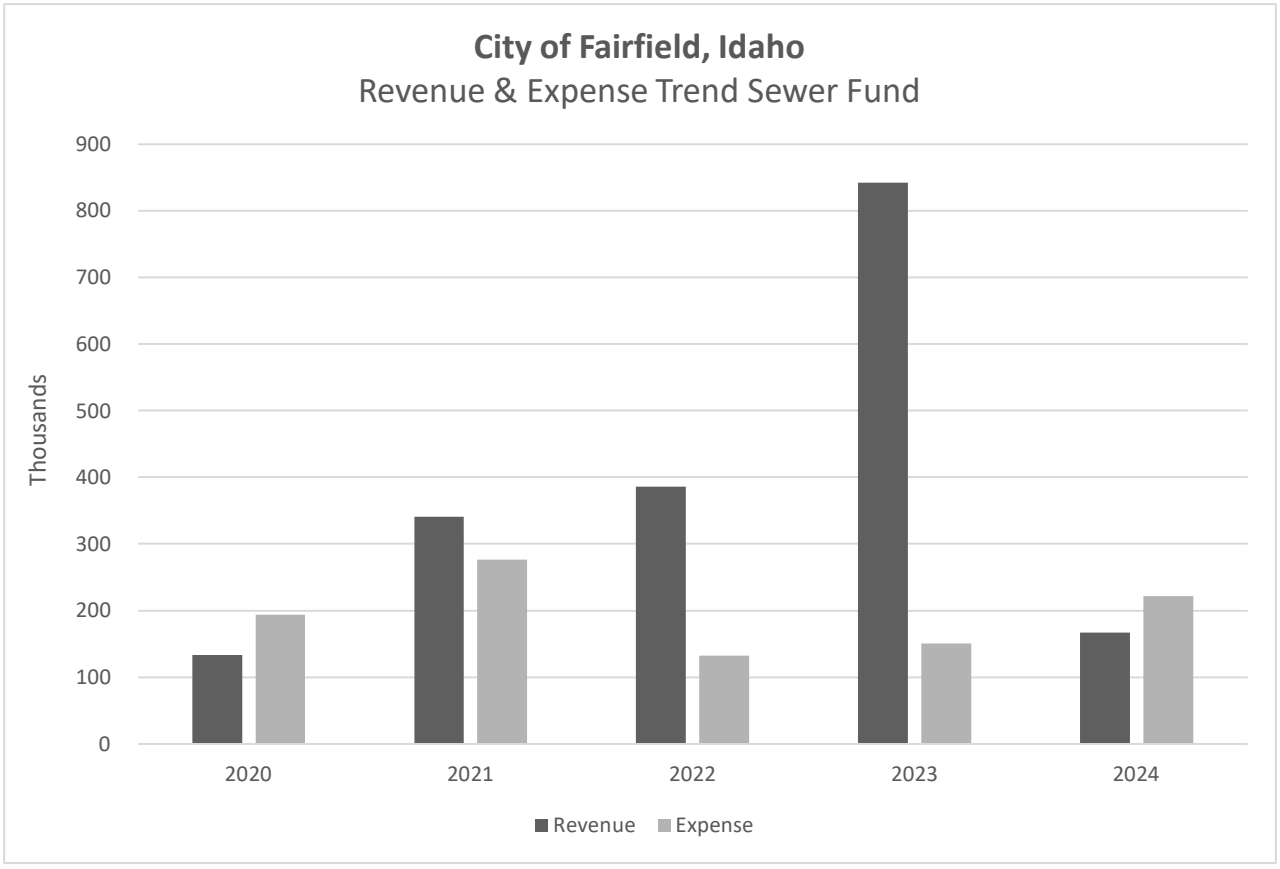

CITY OF FAIRFIELD, IDAHO
REVENUE PIE CHART- ALL FUNDS
Donations & Contributions 0%
Franchise Fees 2%
Property Taxes 16%
Licenses and Permits 3%
Intergovernmental 11%
Grants 28%
Water 15%
Sewer 13%
Interest Earned 7%
Other 5%

CITY OF FAIRFIELD, IDAHO
EXPENDITURES PIE CHART - ALL FUNDS




City of Fairfield, Idaho
General Fund Balance Trend
Thousands
1,400
1,200
1,000
800
600
400
200
0
2020
2021
2022
2023
2024


City of Fairfield, Idaho
Revenue & Expense Trend Water Fund
300
250
200
150
100
50
0
Thousands
2020
2021
2022
2023
2024
Revenue
Expense


City of Fairfield, Idaho
Revenue & Expense Trend Sewer Fund
Thousands
900
800
700
600
500
400
300
200
100
0
2020
2021
2022
2023
2024
Revenue
Expense

FEDERAL REPORTS

ZWYGART JOHN
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16130 North Merchant Way, Suite 120 ◆ Nampa, Idaho 83687
Phone: 208-459-4649 ◆ FAX: 208-229-0404

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

Honorable Mayor
and City Council
City of Fairfield, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Fairfield, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Fairfield, Idaho's basic financial statements and have issued our report thereon dated June 3, 2025.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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. We did identify certain deficiencies in internal control, described in the following Schedule of Findings as items **2024-001** and **2024-002** that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fairfield, Idaho'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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Purpose of this Report

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

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
June 3, 2025

City of Fairfield, Idaho
Schedule of Findings
For the Year Ended September 30, 2024

Section II – Financial Statement Findings

2024-001: Segregation of Duties

Criteria: An adequate internal control structure includes a segregation of duties built into the design and operation of administration and stewardship of entity assets. Segregation of duties should include the duties of recording, reconciliation, and disbursement of cash and cash equivalent accounts.

Conditions: During the audit, we noted that internal controls were not in place to segregate the duties of recording, reconciliation, and handling of cash and cash equivalents.

Cause: City of Fairfield only has one active employee, who completes all clerical functions for the city. The lack of an ideal segregation of duties is a direct result of staffing limitations necessitated by budgetary restraints.

Effect: The lack of controls significantly increases the risk of misstatements, whether due to error fraud, to go unnoticed and uncorrected.

Recommendations: Management should evaluate the cost-benefit of implementing oversight and realigning job descriptions and duties to accomplish proper internal control procedures over cash and cash equivalents and the related transactions and implement these changes accordingly, if possible.

2024-002: Bank Reconciliations

Conditions: While performing the audit it was noted that the City Clerk had not completed accurate bank reconciliations for the year under audit.

Criteria: The City should have controls in place to make sure that all bank accounts are reconciled monthly.

Cause: Due to a transition of Clerks during the period under audit, bank statements were not being reconciled on a timely basis.

Effect: This increases the risk of a misstatement to go unnoticed or fail to be corrected in a timely manner, whether due to error or fraud.

Recommendations: The City should put procedures in place to make sure that all bank accounts are reconciled in the accounting software monthly.

City of Fairfield, Idaho
Management's Response
For the Year Ended September 30, 2024

2024-001: Segregation of Duties

Management has determined that the cost of hiring additional employees to address the deficiency in segregation of duties is not feasible for the City. Management believes they can mitigate this risk through increased oversight from elected officials over disbursement of funds and other cash and cash equivalent transactions and reports.

2024-002: Bank Reconciliations

Management has hired a new clerk and put procedures in place to make sure that all bank accounts are reconciled monthly.

If there are any questions on management's response to findings, please contact the City at (208) 764-2333.