CITY OF HAYDEN LAKE

FINANCIAL AUDIT REPORTS AND STATEMENTS

Year Ended September 30, 2024

Prepared by

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Post Falls, ID

BASIC FINANCIAL STATEMENTS

CITY OF HAYDEN LAKE
STATEMENT OF NET POSITION
September 30, 2024

ASSETS	
Cash & Investments	$ 656,223
Restricted Cash & Investments	186,257
Interest Receivable	1,412
Prepaid Expenses	23,206
Receivables:	
Property Taxes (net)	6,634
Other Governments (net)	41,329
Other Receivables (net)	34,461
Capital Assets not being depreciated:	
Land	300,100
Work in Progress	247,889
Capital Assets being depreciated, net of depreciation	492,222
Total Assets	1,989,733
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	57,919
Total Deferred Outflows of Resources	57,919
LIABILITIES	
Accounts Payable and Accrued Expenses	2,142
Accrued Wages	14,394
Payroll Taxes Payable	1,760
Compensated Absences Payable	19,728
Net Pension Liability	191,432
Total Liabilities	229,456
DEFERRED INFLOWS OF RESOURCES	
Deferred Rental Income	1,883
Deferred Grant Revenue	25,484
Pension Plan	6,080
Total Deferred Inflows of Resources	33,447
NET POSITION	
Net Investment in Capital Assets	1,040,211
Restricted - Impact Fees	186,257
Unrestricted	558,281
Total Net Position	$ 1,784,749

See accompanying notes to the financial statements and independent auditors' report.

CITY OF HAYDEN LAKE
STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

unctions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Position
overnmental Activities					
General Government	$ 390,477	$ 94,518	$ 17,006	$ -	$ (278,953)
Building, Planning & Zoning	10,544	47,492	-	-	36,948
Park Expenses	24,539	-	-	-	(24,539)
Law Enforcement	144,075	-	-	-	(144,075)
Street Expenses	128,318	-	-	173,219	44,901
Depreciation - Unallocated	39,136	-	-	-	(39,136)
Pension Plan Expense/(Revenue)	56,463	-	-	-	(56,463)
Total Governmental Activities	793,552	142,010	17,006	173,219	(461,317)
General Revenues:					
Property Taxes					272,587
Other Governmental					221,251
Interest Earnings					19,320
Franchise Fees					35,832
Other Revenues					23,866
Total General Revenues and Transfers					572,856
Change in Net Position					111,539
Net Position- Beginning					1,673,210
Net Position- Ending					$ 1,784,749

See accompanying notes to the financial statements and independent auditors' report.

CITY OF HAYDEN LAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

ASSETS		
Cash & Investments	$	656,223
Restricted Cash & Investments		186,257
Interest Receivable		1,412
Receivables:		
Property Taxes (net)		6,634
Other Governments (net)		41,329
Other Receivables (net)		34,461
Prepaid Expenses		23,206
Total Assets	$	949,522
LIABILITIES		
Accounts Payable and Accrued Expenses		2,142
Accrued Wages		14,394
Payroll Taxes Payable		1,760
Total Liabilities		18,296
DEFERRED INFLOWS OF RESOURCES		
Deferred Grant Revenue		25,484
Unavailable Revenue - Property Taxes		5,963
Total Deferred Inflows of Resources		31,447
FUND BALANCES (DEFICITS)		
Nonspendable:		
Prepaid Expenses		23,206
Restricted:		
Impact Fees		186,257
Assigned:		
Park Donations		25,569
Unassigned		664,747
Total Fund Balance		899,779
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	$	949,522

See accompanying notes to the financial statements and independent auditors' report.

CITY OF HAYDEN LAKE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balance at September 30, 2024 - Governmental Funds		$ 899,779
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds:		
Cost of capital assets	1,448,042	
Less accumulated depreciation	(407,831)	1,040,211
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and there fore, are not reported in the funds:		
Deferred outflows of resources - pension plan		57,919
Other long-term assets are to available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Elimination of unavailable revenue - property taxes		5,963
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:		
Deferred inflows of resources - pension plan		(6,080)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated Absences	(19,728)	
Deferred Rental Income	(1,883)	
Net Pension Asset/(Liability)	(191,432)	(213,043)
Net position of governmental activities at September 30, 2024		$ 1,784,749

See accompanying notes to the financial statements and independent auditors' report.

CITY OF HAYDEN LAKE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
Year Ended September 30, 2024

Revenues:		
Property Taxes	$	273,983
Revenue Sharing		101,745
Highway Users		88,222
Reimbursements		94,518
Franchise Fees		35,832
Building Permits (net)		36,908
Liquor Fees		28,043
Traffic Fines		3,241
Interest Income		19,320
Planning & Zoning		9,984
License Fees		600
Grants		190,225
Other Income		23,666
Total Revenues		906,287
Expenditures:		
General Operating:		
Wages, Taxes, and Benefits		231,472
Repairs & Maintenance		65,382
Legal & Professional		63,535
Planning and zoning		3,140
Other General Government		8,203
Park Expenses		24,539
Office Supplies		11,972
Dues & Publications		9,437
Engineering Fees		7,404
Insurance		7,145
Utilities		3,557
Telephone		713
Training and travel		3,652
Police:		
Wages, Taxes, and Benefits		125,300
Other Operating		24,831
Auto & Travel		7,360
Capital Outlay		8,027
Street:		
Other Operating		122,422
Street Lights		5,896
Capital Outlay		173,219
Total Expenditures		907,206
Excess (Deficiency) of Revenues Over Expenditures		(919)
Net Change in Fund Balance		(919)
Fund Balance - October 1		900,698
Fund Balance - September 30	$	899,779

See accompanying notes to the financial statements and independent auditors' report.

CITY OF HAYDEN LAKE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

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

Changes in fund balances as reported on the governmental funds statements		$ (919)
Difference between revenue earned on property taxes on the modified accrual basis versus revenue on property taxes on the full accrual basis		(1,396)
Amounts reported as income on the government-wide statements not included as income on the government funds statements:		
Leases	200	
Total income on the government-wide statement not included on the government funds statement		200
Amounts reported as expenditures on the governmental funds statements not included as expenses on the government-wide statements:		
Capital Outlay	181,246	
Prepaid expenses	(2,660)	
PERSI contributions	33,060	
Total expenses on the governmental fund statement not included on the government-wide statement		211,646
Expenses on the government-wide statement of activity not included on the governmental funds statements:		
Depreciation	(39,136)	
Change in Compensated Absence Liability	(2,393)	
Pension Plan Revenue/(Expense)	(56,463)	
Total expenses on the government-wide statement of activity not included on the governmental funds statements:		(97,992)
Change in net position on the government-wide statements		$ 111,539

See accompanying notes to the financial statements and independent auditors' report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Hayden Lake, Idaho (the City) is a municipality of the State of Idaho and operates under a mayor-council form of government. The City has oversight responsibility and control over all activities related to The City's functions. The City is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since the public elects the City council members. The City's combined financial statements include the accounts of all City operations and the City has no component units.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements present the *governmental activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct and program revenues 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 expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges 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, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental fund, displayed in separate columns. The City has no non-major funds.

The City reports the following major governmental fund:

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

Measurement Focus, Basis of Accounting

Government-wide Financial Statements. The government-wide 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 the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements 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, entitlements, and donation is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. 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 the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements. 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 the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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 debt and acquisitions under capital leases are reported as other financing sources.

Deposits and Investments
The cash balances of all funds are pooled and invested by the City Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at cost at September 30, 2024. Investments with an initial maturity of more than three months are reported as investments.

Cash and Cash Equivalents
The City considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Idaho State Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

Receivables and Payables
All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Allowance for uncollectible accounts was $0 as of September 30, 2024.

Receivables for State Highway User's Tax, State Liquor, and State Revenue Sharing are recorded as revenue in the general fund.

Property Taxes and Deferred Tax Revenues
Property taxes levied for 2023 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end, in accordance with the modified accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as deferred inflows of resources. In the government-wide financial statements property taxes are recorded as revenue in the period levied, in accordance with the accrual basis of accounting.

Property taxes are levied on the third Monday of September and attach as an enforceable lien on property. They are payable in two installments on December 20 of the current calendar year and June 20 of the next calendar year. Assessed values are established by the county assessor. The taxes are collected and remitted to the City by Kootenai County.

Capital Assets
Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In connection with implementation of GASB Statement No. 34, the City established a threshold of $2,000 for capitalization of depreciable assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	30 - 50
Building Improvements	15 - 30
Vehicles	2 - 10
Office Equipment	5 - 10
Computer Equipment	5

Compensated Absences

Employees eligible for leave include full-time equivalent employees that have been employed by the City for six months. Part-time employees receive vacation leave at the discretion of the governing body. All eligible employees accrue vacation leave at the following rates:

Years Employed	Hours per Month	Days per Year
1 - 3	8	12
4 - 10	12	18
11 +	16	24

Upon termination of employment from the City, an employee, who has provided at least six months of continuous service, will be compensated for unused vacation leave at the rate of one paid day for each day of current accrued vacation leave subject to certain conditions as established by the City. The liability for accumulated vacations ($19,728 at September 30, 2024) for governmental fund types, which represents normal accumulations, is recorded on the government-wide statement of net position.

The City's sick leave policy permits the accumulation of 1¼ days per month of continuous service up to a maximum of sixty (60) days. Employees with sixty (60) days sick leave have the option of exchanging five (5) days sick leave for one vacation day as of the end of each year. If no sick leave is used during the year, the employee is granted one additional vacation day. Employees are not paid for unused sick days upon termination of employment. Accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item, pension plan, which is reported in the government-wide statement of net position and qualifies for reporting in this category at this time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. Two items, unavailable revenue – property taxes and deferred grant revenue, are reported in the governmental funds balance sheet. The other two items, pension plan and deferred rental income, are reported only in the government-wide statement of net position. These amounts are deferred and recognized as inflows of resources in the period that the amounts becomes available.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Fund Balance Reserves

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Council for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The City reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Extraordinary and Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

General

State statutes authorize the City's investments. The City is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss. As of September 30, 2024, the City's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:		
Amount insured by FDIC or other agencies	$	623,890
Total deposits without exposure to custodial credit risk		623,890
Deposits with exposure to custodial credit risk:		
Amount collateralized with securities held in trust, but not in City's name		335,134
Amounts uninsured-exposed to custodial credit risk		-
Total deposits with exposure to custodial credit risk		335,134
Total bank balance (deposits)	$	959,024
The carrying amount is displayed as follows in the financial statements:		
Statement of net position		
Cash and investments	$	656,223
Restricted cash and investments		186,257
	$	842,480
Cash and investments at September 30, 2024, consist of the following:		
Cash		
Deposits with financial institutions	$	509,427
Petty cash on hand		200
Cash equivalents		
Deposits with Idaho state investment pool		332,853
	$	842,480

See accompanying independent auditors' report.

NOTE 2 – CASH AND INVESTMENTS

State Investment Pool

Investments in 2a7-like pools are valued based upon the value of pool shares. The City invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. The pool does not include any involuntary participants.

The balances above that the City has in the State Investment Pool are carried at amortized cost, which is permitted pursuant to GASB 31, and calculated on a monthly basis. The City's portion of the State Investment Pool had an unrealized gain of $869 as of September 30, 2024, which the City considers immaterial and has not reflected in the financial statements.

State statutes authorize the City to invest in U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pools, and money market funds consisting of any of these securities listed. No unauthorized investment transactions were carried out by the City during the year.

Investments

GASB Statement No. 40 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The short-term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

NOTE 3 – RECEIVABLES

The analysis of accounts receivable and due from other governments is as follows:

GENERAL FUND	
State Revenue Sharing	$ 27,644
State Liquor	5,644
Highway Users	8,041
Total	$ 41,329

NOTE 4 – LONG-TERM OBLIGATIONS

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

	Balance 9/30/2023	Increases	Decreases	Balance 9/30/2024
Compensated absences	$ 17,335	2,393	-	19,728
Total	$ 17,335	2,393	-	19,728

Compensated absences typically have been liquidated in the general fund.

NOTE 5 - RISK MANAGEMENT

The City faces a number of risks of loss including damage to and loss of property and contents, professional liability, i.e. errors and omissions, and health insurance costs of employees. Commercial insurance policies are purchased for health insurance. Coverage for the loss or damage to property and professional liability insurance is provided by the Idaho Counties Risk Management Program (ICRMP).

ICRMP provides general liability, property insurance, and public officials' insurance. The City, along with other participating entities, contributes annual amounts determined by ICRMP management. As claims arise they are submitted to and paid by ICRMP. During fiscal year 2023/24, the City contributed $7,145 from the general fund for this insurance coverage. There were no significant reductions in insurance coverage from the prior year.

The City's workman's compensation coverage is provided by the Idaho State Insurance Fund. During fiscal year 2023/24, the City contributed $2,080 from the general fund for this insurance coverage.

NOTE 6 – CAPITAL ASSETS

The changes in capital assets used in governmental activities during fiscal year 2023/24 were as follows:

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 300,100	$ -	$ -	$ 300,100
Work in Progress	74,670	173,219	-	247,889
Total capital assets not being depreciated	374,770	173,219	-	547,989
Capital assets being depreciated:				
Buildings	$ 260,098	-	-	$ 260,098
Infrastructure and Streets	309,916	-	-	309,916
Office Equipment	39,095	-		39,095
Park Equipment	126,717	-	-	126,717
Police Equipment	156,200	8,027		164,227
Total capital assets being depreciated	892,026	8,027	-	900,053
Total accumulated depreciation	368,695	39,136	-	407,831
Total capital assets being depreciated, net	523,331	(31,109)	-	492,222
Total governmental activities capital assets, net	$ 898,101	142,110	-	$ 1,040,211

Because the City is a Phase 3 government (governments with total annual revenues of less than $10 million), the City is encouraged but not required to report major infrastructure assets retroactively. The City has not yet made a determination as to whether or not to record infrastructure assets retroactively.

Unallocated depreciation expense of the governmental activities was $39,136 for the year ended September 30, 2024.

NOTE 7 – PENSION PLAN

Plan Description

The City of Hayden Lake 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. 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 72% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City's contributions were $29,966 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 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's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.00511763%.

NOTE 7 – PENSION PLAN (CONTINUED)

For the year ended September 30, 2024, the City recognized pension expense of $56,463. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 30,477	$ -
Changes in assumptions or other inputs	7,584	-
Net difference between projected and actual earnings on pension plan investments	-	-
Change in the District's proportion and differences between the City's contributions and the City's proportionate contributions	11,322	6,080
District's contributions subsequent to the measurement date	8,536	-
Total	$ 57,919	$ 6,080

$8,536 reported as deferred outflows of resources related to pensions resulting from City's 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, 2022, the beginning of the measurement period ended June 30, 2023 is 4.4 and 4.4 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:

Year ended September 30:	
2025	11,546
2026	37,529
2027	(3,900)
2028	(3,240)

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.

NOTE 7 – PENSION PLAN (CONTINUED)

The total pension liability in the June 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increase	3.05%
Salary inflation*	3.05%
Investment rate of return**	6.35%
Cost-of-living adjustments	1.00%

*there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on years of service

**net of pension plan investment expense

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 including mortality. The total pension liability as of June 30, 2024 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.

NOTE 7 – PENSION PLAN (CONTINUED)

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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 City's proportionate share of the net pension liability to changes in the discount rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.35%, as well as what the City'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%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	$ 363,781	$ 191,432	$ 50,667

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2024, the City reported -$86 of payables to the pension plan.

NOTE 8 – RESTRICTED/ASSIGNED NET POSITION AND FUND BALANCE

The General Fund currently has cash available from impact fees in the amount of $186,257 which have legal restrictions on their use. These funds can only be used for expenditures necessary to accommodate new growth within the City. Accordingly, this amount is shown as both restricted fund balance and restricted net position.

The General Fund's assigned portion of fund balance in the amount of $25,569 represents the City's intent to use park donations for future park expenditures, such as park maintenance and improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAYDEN LAKE

CITY OF HAYDEN LAKE
Schedule of City's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
City's portion of the net pension liability	0.00511763%	0.00461434%	0.00497380%	0.00467992%	0.0055653%	0.0044071%	0.0045737%	0.0051384%	0.0047309%	0.0050071%
City's proportionate share of the net pension liability/(asset)	$ 191,432	$ 184,143	$ 195,906	$ (3,696)	$ 129,234	$ 50,306	$ 67,463	$ 80,767	$ 95,903	$ 65,935
City's covered-employee payroll	$ 245,339	$ 203,433	$ 206,639	$ 173,752	$ 147,440	$ 149,050	$ 145,524	$ 152,768	$ 141,835	$ 140,557
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	78.03%	90.52%	94.81%	-2.13%	87.65%	33.75%	46.36%	52.87%	67.62%	46.91%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Hayden Lake will present information for those to use for which information is available.

Data reported is measured as of June 30, 2024

Schedule of City's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Statutorily required contribution	$ 33,288	$ 20,153	$ 23,032	$ 18,478	$ 21,835	$ 16,863	$ 17,762	$ 17,327	$ 14,063	$ 16,378
Contributions in relation to the statutorily required contribution	$ (28,373)	$ (23,710)	$ (23,696)	$ (21,104)	$ (23,966)	$ (17,191)	$ (16,883)	$ (18,312)	$ (15,877)	$ (16,085)
Contribution (deficiency) excess	$ 4,915	$ (3,556)	$ (664)	$ (2,626)	$ (2,131)	$ (328)	$ 878	$ (984)	$ (1,814)	$ 293
City's covered-employee payroll	$ 245,339	$ 203,433	$ 206,639	$ 173,752	$ 147,440	$ 149,050	$ 145,524	$ 152,768	$ 141,835	$ 140,557
Contributions as a percentage of covered-employee payroll	11.56%	11.65%	11.47%	12.15%	16.25%	11.53%	11.60%	11.99%	11.19%	11.44%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City of Hayden Lake will present information for those to use for which information is available.

Data reported is measured as of June 30, 2024

CITY OF HAYDEN LAKE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – ALL GOVERNMENTAL FUND TYPES
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual
Revenues:			
Property Taxes	$ 271,039	$ 271,039	$ 273,983
Revenue Sharing	125,000	125,000	101,745
Highway Users	60,200	60,200	88,222
Reimbursements	-	-	94,518
Franchise Fees	29,500	29,500	35,832
Building Permits (net)	20,000	20,000	36,908
Liquor Fees	40,000	40,000	28,043
Traffic Fines	-	-	3,241
Sales Tax	3,000	3,000	-
Interest Income	10,000	10,000	19,320
Planning & Zoning	8,000	8,000	9,984
License Fees	600	600	600
Grants	191,940	191,940	190,225
Other	203,913	203,913	23,666
Total Revenues	963,192	963,192	906,287
Expenditures:			
General Operating:			
Wages, Taxes, and Benefits	160,250	160,250	231,472
Repairs & Maintenance	38,200	38,200	65,382
Legal & Professional	50,000	50,000	63,535
Planning and zoning	-	-	3,140
Other General Government	185,040	185,040	8,203
Park Expenses	12,000	12,000	24,539
Office Supplies	3,000	3,000	11,972
Dues & Publications	6,500	6,500	9,437
Engineering Fees	11,000	11,000	7,404
Insurance	6,500	6,500	7,145
Utilities	3,500	3,500	3,557
Telephone	1,000	1,000	713
Training and travel	-	-	3,652
Police:			
Wages, Taxes, & Benefits	127,300	127,300	125,300
Other Operating	41,581	41,581	24,831
Auto & Travel	8,000	8,000	7,360
Capital Outlay	-	-	8,027
Streets:			
Other Operating	302,721	302,721	122,422
Street Lights	6,600	6,600	5,896
Capital Outlay	-	-	173,219
Total Expenditures	963,192	963,192	907,206
Excess (Deficiency) of Revenues Over Expenditures	-	-	(919)
Fund Balance - October 1	-	-	900,698
Fund Balance - September 30	$ -	$ -	$ 899,779

CITY OF HAYDEN LAKE
Notes to the Budget and Actual Schedule
September 30, 2024

A budget is adopted for the general fund. The annual budget is a plan of financial operation with an estimate of expenditures and means of financing them. A preliminary budget is prepared in July, budget hearings are held, and the final budget is adopted by October 1.

The adopted budget constitutes the appropriations for the City and is the maximum limit of expenditures in each budgeted fund. The adopted budget may be amended for emergencies and other matters as provided by State law. There were no budget amendments for the fiscal year 2023/24.

The budget is prepared on the basis of accounting described for its governmental funds in Note 1 to the financial statement. Tax levies are set by expenditure requirements, but are authorized and limited by State law. Transfers of budget authority within a fund are permitted. Appropriations lapse at September 30.

The amounts shown in the budget column of the schedule are the original and final budgeted amounts. State law requires only that a fund's total expenditures not exceed total budgeted expenditures.