CITY OF ISLAND PARK, IDAHO

BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

CITY OF ISLAND PARK, IDAHO
BASIC FINANCIAL STATEMENTS
TABLE OF CONTENTS
SEPTEMBER 30, 2024

	PAGES
INTRODUCTORY SECTION	
Title Page	
Table of Contents	1
FINANCIAL SECTION	
Independent Auditors' Report	2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Major Governmental Funds	8
Notes to the Financial Statements	9 - 17
Independent Auditors' Report on Compliance and Internal Control	18
Required Supplementary Information	21

Robert D Hardy, CPA, PC
Certified Public Accountant • Business Consultant

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Island Park, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Island Park, 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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 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 Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

1655 East 1st Street • Idaho Falls, ID 83401 • (208) 525-8515 • Fax (208) 522-5227

In performing an audit in accordance with generally accepted auditing standards 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Schedule of Employer's Share of Net Pension Liability and Schedule of Employer Contributions for the prior ten fiscal years, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 procedure 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 omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

Robert D. Hardy

ROBERT D HARDY, CPA, PC
February 13, 2025

CITY OF ISLAND PARK, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 198,708
Restricted cash and cash equivalents	80,784
Property tax and other state receivables	26,073
Capital assets (net of accumulated depreciation)	
Land and improvements	171,613
Buildings and improvements	113,438
Machinery and equipment	666
Furniture and fixtures	194
Total Assets	$ 591,476
DEFERRED OUTFLOWS OF RESOURCES	
Pension related outflows	11,787
Total Deferred Outflows of Resources	11,787
LIABILITIES	
Accounts payable	$ 3,807
Net pension liability	51,452
Total Liabilities	55,259
DEFERRED INFLOWS OF RESOURCES	
Pension related inflows	934
Total Deferred Inflows of Resources	934
NET POSITION	
Net investment in capital assets	285,911
Restricted for:	
Road and bridge	76,038
Cemetery	7,066
Unrestricted	178,055
Total Net Position	$ 547,070

The Notes to the Financial Statements are an Integral Part of this Statement

CITY OF ISLAND PARK, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Function / Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position
Governmental Activities:					
General Government	$ 213,378	$ 9,191	$ –	$ –	$ (204,187)
Cemetery	2,214	–	–	–	(2,214)
Streets	73,908	–	–	–	(73,908)
Total Primary Government	$ 289,500	$ 9,191	$ –	$ –	$ (280,309)

General Revenues	
Property Taxes	30,106
Highway Use Tax	77,491
Other Taxes	100,930
Investment Earnings	7,516
Miscellaneous	18,670
Total General Revenues	234,713
Changes in Net Position	(45,596)
Net Position, October 1	568,198
Prior Period adjustment	24,468
Net Position, September 30	$ 547,070

The Notes to the Financial Statements are an Integral Part of this Statement

CITY OF ISLAND PARK, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 198,708	$ –	$ –	$ 198,708
Restricted cash and cash equivalents	–	73,718	7,066	80,784
Property tax and other state receivables	23,753	2,320	–	26,073
Total Assets	$ 222,461	$ 76,038	$ 7,066	$ 305,565
Liabilities, deferred inflows of resources, and fund balances				
Liabilities:				
Accounts payable	$ 3,807	$ –	$ –	$ 3,807
Total Liabilities	3,807	–	–	3,807
Deferred Inflows of Resources:				
Unearned revenues	579	–	–	579
Fund balances:				
Restricted	–	76,038	7,066	83,104
Unassigned	218,075	–	–	218,075
Total Fund Balances	218,075	76,038	7,066	301,179
Total Liabilities, deferred inflows of resources, and fund balances	$ 222,461	$ 76,038	$ 7,066	$ 305,565

Total governmental fund balances	$ 301,179
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred revenue is not available to pay current period expenditures; therefore, is not reported in the funds.	579
Pension related activities:	
Net pension liability	(51,452)
Deferred outflows of resources	11,787
Deferred inflows of resources	(934)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	285,911
Net position of governmental activities	$ 547,070

The Notes to the Financial Statements are an Integral Part of this Statement

CITY OF ISLAND PARK, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General	Road & Bridge	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 29,902	$ –	$ –	$ 29,902
Licenses and Permits	9,191	–	–	9,191
Intergovernmental	100,930	77,490	–	178,420
Interest	7,516	–	–	7,516
Miscellaneous	14,917	–	3,750	18,667
Total Revenues	162,456	77,490	3,750	243,696
Expenditures				
Payroll and Benefits	74,487	–	–	74,487
Contract Labor	10,800	–	–	10,800
Fine Distribution	10,728	–	–	10,728
Insurance	3,437	–	–	3,437
Legal and Professional	15,750	–	–	15,750
Miscellaneous	5,720	2,072	1,100	8,892
Office Expense	59,540	–	–	59,540
Planning and Zoning	2,133	–	–	2,133
Taxes - Property	1,453	–	–	1,453
Telephone	2,999	–	–	2,999
Travel and Lodging	5,165	–	–	5,165
Streets	–	70,587	–	70,587
Utilities	1,492	–	318	1,810
Capital Outlay	–	–	–	–
Total Expenditures	193,704	72,659	1,418	267,781
Excess of revenues over (under) expenditures	(31,248)	4,831	2,332	(24,085)
Other financing sources (uses):				
Transfers in	–	–	–	–
Transfers out	–	–	–	–
Net change in fund balance	(31,248)	4,831	2,332	(24,085)
Fund balances, October 1	221,255	71,207	8,334	300,796
Prior Period adjustment	28,068	–	(3,600)	24,468
Fund balances, September 30	$ 218,075	$ 76,038	$ 7,066	$ 301,179

Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances-total governmental funds	$ (24,085)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(7,505)
Because the City's year end is different than that of Idaho Persi, an adjustment is made to pension expense for the year to agree to actuarial amounts.	(14,215)
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.	209
Changes in net position of governmental activities.	$ (45,596)

The Notes to the Financial Statements are an Integral Part of this Statement

CITY OF ISLAND PARK, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	GENERAL FUND			ROAD & BRIDGE FUND			CEMETERY FUND		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes	$ 29,900	$ 29,902	$ 2	$ –	$ –	$ –	$ –	$ –	$ –
Licenses and permits	14,000	9,191	(4,809)	–	–	–	–	–	–
Intergovernmental	91,500	100,930	9,430	79,000	77,490	(1,510)	–	–	–
Interest	1,500	7,516	6,016	–	–	–	–	–	–
Miscellaneous	20,000	14,917	(5,083)	–	–	–	1,500	3,750	2,250
Total Revenues	156,900	162,456	5,556	79,000	77,490	(1,510)	1,500	3,750	2,250
Expenditures:									
Payroll and benefits	74,500	74,487	13	–	–	–	–	–	–
Contract labor	15,000	10,800	4,200	–	–	–	–	–	–
Fine distribution	9,000	10,728	(1,728)	–	–	–	–	–	–
Insurance	3,400	3,437	(37)	–	–	–	–	–	–
Legal and professional	18,000	15,750	2,250	–	–	–	–	–	–
Miscellaneous	3,500	5,720	(2,220)	–	2,072	(2,072)	3,000	1,100	1,900
Office expense	23,500	59,540	(36,040)	–	–	–	–	–	–
Planning and zoning	1,500	2,133	(633)	–	–	–	–	–	–
Taxes - Property	1,400	1,453	(53)	–	–	–	–	–	–
Telephone	3,300	2,999	301	–	–	–	–	–	–
Travel and lodging	4,500	5,165	(665)	–	–	–	–	–	–
Streets	–	–	–	72,500	70,587	1,913	–	–	–
Utilities	2,300	1,492	808	–	–	–	–	318	(318)
Capital Outlay	2,000	–	2,000	–	–	–	–	–	–
Total Expenditures	161,900	193,704	(31,804)	72,500	72,659	(159)	3,000	1,418	1,582
Excess of revenues over (under) expenditures	(5,000)	(31,248)	(26,248)	6,500	4,831	(1,669)	(1,500)	2,332	3,832
Other financing sources (uses):									
Transfers in	–	–	–	–	–	–	–	–	–
Transfers out	–	–	–	–	–	–	–	–	–
Net change in fund balance	(5,000)	(31,248)	(26,248)	6,500	4,831	(1,669)	(1,500)	2,332	3,832
Fund Balance, October 1	221,255	221,255	–	71,207	71,207	–	8,334	8,334	–
Prior Period Adjustment	–	28,068	28,068	–	–	–	–	(3,600)	(3,600)
Fund Balance, September 30	$ 216,255	$ 218,075	$ 1,820	$ 77,707	$ 76,038	$ (1,669)	$ 6,834	$ 7,066	$ 232

The Notes to the Financial Statements are an Integral Part of this Statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Island Park have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described below:

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City of Island Park. The City is governed by an elected City Council which possesses final decision making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding and deficits and borrowing funds and/or issuing bonds to finance construction. There are no other boards, councils, or component units for which the City of Island Park exercises authority.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the propriety fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major governmental funds:

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

The Special Revenue Funds are used to account for financial resources to be used for legally restricted specific purposes. The City uses these funds to account for the repair and maintenance of streets, street lights, and cemetery.

Deposits and Investments

Statutes authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or any taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool. Deposits (cash and certificates of deposit) are carried at cost which approximates market value except for outstanding checks which had not cleared the accounts by the end of the year.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's funds are invested in cash and or certificates of deposits in institutions covered by the Federal Deposit Insurance Corporation insurance (FDIC). As of September 30, 2024, the City's cash and investments consisted of $279,492 in business checking and certificates of deposits with local banks and the State Treasurer's Fund. Fair market value and cost were the same. Average credit quality ratings and the weighted average days to maturity do not apply to these deposits. All information pertaining to the Idaho Local Government Investment Pool(LGIP) and its financial statements can be obtained at: http://sto.idaho.gov. Currently, $140,326 of the city's deposits are held in the LGIP and are not covered by the Federal Deposit Insurance Corporation.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issue. The City's currently has the majority of its deposits with a single national bank and, therefore, exceeds the 5 percent of its total assets with a single institution.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's deposits within the FDIC limits should not be adversely effected by a change in interest rates because cost and fair market value are the same.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The governmental funds of the City use the purchase method, whereby inventory items are considered expenditures when purchased. They are not included in the financial statements because the amounts outstanding at year end are immaterial.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

Furniture & Fixtures	10-15 years
Equipment	10-20 years

Long-term Liabilities

The city has no long-term liabilities.

Budgets and Budgetary Accounting

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

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

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

Restricted Assets

Cash and investments, the use of which is restricted for the repair of utility facilities, payment of debt service, and other items specified by the bondholders are classified as restricted assets. The Road and Bridge fund and the Cemetery fund have balances restricted by statute for use in construction, maintenance, and other applicable expenses associated with the upkeep of related assets. Restricted cash balances are $73,718 and $7,066, respectively.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The City has no formal vacation or sick leave policy for its employees whereby they would be paid upon terminating employment. Accordingly, no liability for such future compensated absences has been accrued in these financial statements.

Use of Estimates

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

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.

Governmental Fund Balances

The City has implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the fiscal year ended September 30, 2024. In the fund financial statements, governmental funds report the following classifications of fund balance:

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

Restricted – Amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. The City had no committed fund balances on September 30, 2024.

Assigned – Amounts that are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

Unassigned – All amounts not included in other spendable classifications.

2. PROPERTY TAXES

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

3. RISK MANAGEMENT/INSURANCE COVERAGE

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred most if its risks by purchasing commercial insurance. Workman's Compensation is purchased through the Idaho State Insurance Fund.

All other insurance has been purchased through the Idaho Counties Risk Management Program. The current year policy expires October 1, 2024 and has been renewed to October 1, 2025. The policy coverage's include: All risks of physical loss or damage, automobile physical damage, comprehensive general liability, premises medical payments, law enforcement liability, automobile liability, errors or omissions liability, employee dishonesty, money & securities, and depositors forgery.

4. CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 2023	Additions	Retirements	Balance 2024
Governmental Activities:				
Land and improvements	$ 180,970	$ –	$ –	$ 180,970
Buildings and improvements	190,575	–	–	190,575
Machinery and equipment	16,917	–	–	16,917
Furniture and fixtures	25,624	–	–	25,624
	414,086	–	–	414,086
Accumulated Depreciation:				
Land and improvements	7,952	1,405	–	9,357
Buildings and improvements	71,692	5,445	–	77,137
Machinery and equipment	15,829	422	–	16,251
Furniture and fixtures	25,197	233	–	25,430
	120,670	7,505	–	128,175
Net Book Value:				
Land and improvements	173,018	(1,405)	–	171,613
Buildings and improvements	118,883	(5,445)	–	113,438
Machinery and equipment	1,088	(422)	–	666
Furniture and fixtures	427	(233)	–	194
	$ 293,416	$ (7,505)	$ –	$ 285,911

Depreciation expense for the current period is $5,459 in the General Fund, $1,249 in Road and Bridge Fund, and $797 in the Cemetery Fund as applied to each function in the Statement of Activities.

5. RETIREMENT PLANS

Plan Description

The City 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. The audit report, completed by Eide Bailly, LLP and the Actuary Report, completed by Milliman Financial Reporting Valuation, 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 74% for public safety. As of June 30, 2024 it was 7.16% for general employees and 9.13% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The City's contributions were $5,614 for the year ended September 30, 2024.

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

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, 2023, 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 0.0011058 percent.

For the year ended September 30, 2024, the City recognized pension expense of $5,870. 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 & actual experience	$ 2,038	$ –
Changes in assumptions	8,191	–
Net difference between projected & actual earnings on pension plan investments	–	934
Changes in proportion & differences between City contributions & proportionate share of contributions	–	–
City contributions subsequent to the measurement date	1,557	–
Total	$ 11,786	$ 934

$1,557 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 4.4 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	$ 2,539
2026	9,593
2027	(1,654)
2028	(1,183)

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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses

Cost-of-living adjustments 1.00%

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 2023.

	2024	
Asset Class	**DB Plans**	**Sick Leave**
Fixed Income	30.00%	39.30%
US/Global Equity	55.00%	50.00%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100%	100%

Discount Rate

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35%, 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%) or 1-percentage-point higher (7.35%) 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)	$ 97,776	$ 51,452	$ 13,618

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. The audit report, completed by Eide Bailly, LLP and the Actuary Report, completed by Milliman Financial Reporting Valuation, may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2024, the City reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

6. PRIOR PERIOD ADJUSTMENTS

During a prior fiscal period, the City received monies for a water study that were not expended before year end. The carryover balance in the bank account is being reported as an adjustment to the fund balance at this time so it is reported properly on the financial statements. Additionally, in the Cemetery Fund, there was a duplicate deposit from the prior fiscal year that was discovered in the current year. An adjustment is being made to the financial statements for account for the change. A prior period adjustment is noted on the Statement of Activities, Statements of Revenues, Expenditures, and Changes in Fund Balances, and the Budget to Actual Comparison.

7. SUBSEQUENT EVENTS

The City has evaluated subsequent events through February 13, 2025, the date the financial statements were available to be issued. No significant events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

8. OTHER REQUIRED DISCLOSURES

The City had no related party transactions during the year. The City is not obligated for any special assessment debt.

Robert D Hardy, CPA, PC
Certified Public Accountant • Business Consultant

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

To the City Council
City of Island Park, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Island Park, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Island Park's basic financial statements and have issued our report thereon dated February 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Island Park, Idaho's internal control over financial reporting (internal control) as a basis for deigning 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 Island Park's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Island Park'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements

1655 East 1st Street • Idaho Falls, ID 83401 • (208) 525-8515 • Fax (208) 522-5227

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 *Governmental Auditing Standards.*

The City of Island Park's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City of Island Park's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of Island Park's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Idaho Falls, Idaho
February 13, 2025

CITY OF ISLAND PARK, IDAHO
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2023-1: Lack of segregation of duties

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

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

Effect: A lack of segregation of duties increases the risk that loss of assets would not be prevented or detected in a timely manner and in the normal course of operations.

Recommendation: The City should add additional personnel to it's staff to assist in the accounting and stewardship of assets.

Response: The City Council believes that the cost to hire additional personnel is substantially more than the potential benefit derived or the risk of fraud. As such, city management has put into place mitigating controls such as dual signatures on checks, monthly review of all disbursements, and monthly review of financial reports prepared by the clerk to minimize the City's risk of fraud and malfeasance.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ISLAND PARK, IDAHO
Schedule of Employer's Share of Net Pension Liability
PERSI – Base Plan
Last 10 – Fiscal Years

	2015	2016	2017
Employer's portion of net pension liability (asset)	0.0010779%	0.0010997%	0.0011013%
Employer's proportionate share of net pension liability (asset)	$ 14,194	$ 22,293	$ 17,311
Employer's covered-employee payroll	30,830	32,311	42,023
Employer's proportional share of net pension liability (asset) as a percentage of its covered-employee payroll	46.04%	68.99%	41.19%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.38%	87.26%	90.68%

	2018	2019	2020
Employer's portion of net pension liability (asset)	0.0011043%	0.0011430%	0.0012802%
Employer's proportionate share of net pension liability (asset)	$ 16,289	13,047	29,728
Employer's covered-employee payroll	43,958	54,012	51,131
Employer's proportional share of net pension liability (asset) as a percentage of its covered-employee payroll	37.06%	24.16%	58.14%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.69%	93.79%	88.22%

	2021	2022	2023
Employer's portion of net pension liability (asset)	0.0012646%	0.0011356%	0.0011058%
Employer's proportionate share of net pension liability (asset)	$ (999)	44,729	44,130
Employer's covered-employee payroll	48,800	51,380	56,608
Employer's proportional share of net pension liability (asset) as a percentage of its covered-employee payroll	(2.05%)	82.11%	77.96%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.36%	83.09%	83.83%

	2024
Employer's portion of net pension liability (asset)	0.0013755%
Employer's proportionate share of net pension liability (asset)	$ 51,452
Employer's covered-employee payroll	51,597
Employer's proportional share of net pension liability (asset) as a percentage of its covered-employee payroll	98.57%
Plan fiduciary net position as a percentage of the total pension liability (asset)	85.54%

Data reported as of June 30, 2024

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years

	2015	2016	2017
Statutorily required contributions	$ 3,526	$ 3,658	$ 3,942
Contributions in relation to the statutorily required contributions	3,463	3,658	3,942
Contribution (deficiency) excess	(63)	–	–
Employer's covered-employee payroll	30,830	32,311	42,023
Contributions as a percentage of covered-employee payroll	11.23%	11.32%	9.38%

	2018	2019	2020
Statutorily required contributions	$ 4,042	4,664	6,105
Contributions in relation to the statutorily required contributions	4,042	4,663	5,599
Contribution (deficiency) excess	–	(1)	(506)
Employer's covered-employee payroll	43,958	54,012	51,131
Contributions as a percentage of covered-employee payroll	9.20%	8.63%	10.95%

	2021	2022	2023
Statutorily required contributions	$ 5,827	5,949	6,611
Contributions in relation to the statutorily required contributions	5,304	5,855	6,683
Contribution (deficiency) excess	(523)	(94)	72
Employer's covered-employee payroll	48,800	51,380	56,608
Contributions as a percentage of covered-employee payroll	10.87%	11.40%	11.81%

	2024
Statutorily required contributions	$ 6,228
Contributions in relation to the statutorily required contributions	5,870
Contribution (deficiency) excess	(358)
Employer's covered-employee payroll	51,597
Contributions as a percentage of covered-employee payroll	11.38%

Data reported as of September 30, 2024