

**CITY OF ROBERTS
ROBERTS, IDAHO**

**BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTAL INFORMATION
WITH
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING
SEPTEMBER 30, 2023**

CITY OF ROBERTS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Roberts, Idaho
Roberts, ID 83444

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Roberts as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Roberts'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 governments activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Roberts, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Financial Statements section of our report. We are required to be independent of the City of Roberts, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 of Roberts, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23 and the schedules of employer's share of net pension liability and of employer contribution on pages 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance of 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 (MD&A) which is management's analysis of the City's financial activities based on currently known facts, decisions, or conditions, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Roberts, Idaho's basic financial statements. The accompanying Schedule of General Fund Expenditures – Budget to Actual – By Function, is presented for purposes of additional analysis and are not a required part of the basic

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024, on our consideration of the City of Roberts, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Roberts, Idaho'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 City of Roberts, Idaho's internal control over financial reporting and compliance.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
February 12, 2024

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF ROBERTS
Statement of Net Position
September 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash on hand and on deposit.....	\$ 613,671	\$ 385,388	\$ 999,059
Cash, restricted for bond.....	-	145,988	145,988
Account receivable.....	47,632	29,394	77,026
Less: Allowance for doubtful accounts.....	-	(1,037)	(1,037)
Prepaid expenses.....	587	-	587
Capital assets, net of depreciation.....	2,533,290	3,063,934	5,597,224
Capital assets, non-depreciable.....	18,400	58,053	76,453
Total assets.....	<u>\$ 3,213,580</u>	<u>\$ 3,681,720</u>	<u>\$ 6,895,300</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows.....	<u>\$ 25,456</u>	<u>\$ 11,979</u>	<u>\$ 37,435</u>
LIABILITIES			
Current liabilities			
Accounts payable.....	\$ 4,130	\$ 4,227	\$ 8,357
Salaries & benefits payable.....	7,704	-	7,704
Unearned revenue.....	-	117,012	117,012
Current bond payable.....	-	50,784	50,784
Net pension liability.....	65,298	30,729	96,027
Total current liabilities.....	<u>\$ 77,132</u>	<u>\$ 202,752</u>	<u>\$ 279,884</u>
Long term debt			
Compensated absences.....	\$ 106	\$ 590	\$ 696
Bonds payable.....	-	1,004,618	1,004,618
Total noncurrent liabilities.....	<u>\$ 106</u>	<u>\$ 1,005,208</u>	<u>\$ 1,005,314</u>
Total liabilities.....	<u>\$ 77,238</u>	<u>\$ 1,207,960</u>	<u>\$ 1,285,198</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows.....	\$ -	\$ -	\$ -
Unspent grant allocations.....	<u>177,629</u>	<u>-</u>	<u>177,629</u>
NET POSITION			
Invested in capital assets, net of related debt.....	\$ 2,551,690	\$ 2,066,585	\$ 4,618,275
Restricted.....			
Restricted for bond.....	-	145,988	145,988
Unrestricted.....	432,479	273,166	705,645
Total net position	<u>\$ 2,984,169</u>	<u>\$ 2,485,739</u>	<u>\$ 5,469,908</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Activities
For the Year Ended September 30, 2023

Activities:	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 100,062	\$ -	\$ -	\$ 173,371	\$ 73,309		\$ 73,309
Library	31,947	-	369	-	(31,578)		(31,578)
Police	8,821	-	-	-	(8,821)		(8,821)
Streets and roads	61,041	-	36,965	-	(24,076)		(24,076)
Parks and recreation	32,169	490	-	-	(31,679)		(31,679)
Events center	68,752	12,682	-	4,390	(51,680)		(51,680)
Total governmental activities	\$ 302,792	\$ 13,172	\$ 37,334	\$ 177,761	\$ (74,525)		\$ (74,525)
Business-type activities:							
Water	\$ 199,365	\$ 108,991	\$ -	\$ -	\$ -	\$ (90,374)	\$ (90,374)
Sewer	233,676	134,200	-	20,178	-	(79,298)	(79,298)
Sanitation	26,398	27,572	-	-	-	1,174	1,174
Total business-type activities	\$ 459,439	\$ 270,763	\$ -	\$ 20,178	\$ -	\$ (168,498)	\$ (168,498)
Total primary government	\$ 762,231	\$ 283,935	\$ 37,334	\$ 197,939	\$ (74,525)	\$ (168,498)	\$ (243,023)
General revenues:							
Taxes -- property taxes levied for general purposes					\$ 122,516	\$ -	\$ 122,516
Interest and investment earnings					26,366	530	26,896
State sales tax revenue					-	-	-
State liquor revenue					23,638	-	23,638
State revenue sharing					64,308	-	64,308
Other miscellaneous revenues					8,839	17,773	26,612
Current contribution					1,669	785	2,454
Net pension revenue (expense)					3,440	3,622	7,062
Total general revenues and transfers					\$ 250,776	\$ 22,710	\$ 273,486
Changes in net position					\$ 176,251	\$ (145,788)	\$ 30,463
Net position - beginning					2,807,918	2,631,527	5,439,445
Net position - ending					\$ 2,984,169	\$ 2,485,739	\$ 5,469,908

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Balance Sheet
Governmental Funds
September 30, 2023

ASSETS		<u>General Fund</u>
Cash on hand and on deposit.....	\$	613,671
Taxes receivable (net).....		11,241
Account receivable (net).....		36,391
Prepaid Expenses.....		587
Total assets	\$	661,890
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable.....	\$	4,130
Salaries payable.....		7,704
Deferred revenues.....		187,753
Total liabilities	\$	199,587
FUND BALANCE		
Nonspendable.....	\$	-
Restricted.....		-
Committed.....		-
Assigned.....		-
Unassigned.....		462,303
Total fund balance	\$	462,303
Total liabilities and fund balance	\$	661,890

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2023

Total Governmental Fund Balances \$ 462,303

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Cost of capital assets	4,092,103	
Depreciation expense to date	<u>(1,540,413)</u>	2,551,690

Property taxes received that are not available to pay for current period expenses are deferred in the funds.		10,124
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Compensated absences are not due and payable in the current period and therefore are not reported in the funds		(106)
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GASB 68 requires the accrual of net pension assets and liabilities and the deferred inflows and outflows of resources related thereto.

Net pension asset	(65,298)	
Pension related deferred inflows	-	
Pension related deferred outflows	<u>25,456</u>	<u>(39,842)</u>

Net Position of Governmental Activities		<u>\$ 2,984,169</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2023

REVENUES	<u>General Fund</u>
<u>Local Sources:</u>	
Tax charges.....	\$ 123,933
Interest earnings.....	26,366
Rental revenue.....	11,323
Other / miscellaneous revenue.....	15,447
<u>State Sources:</u>	
Highway users.....	36,965
Revenue sharing.....	64,308
Liquor apportionment.....	23,638
Grant revenue.....	173,371
Total revenue.....	<u>\$ 475,351</u>
 EXPENDITURES	
Administration.....	\$ 129,016
Library.....	21,959
Police.....	8,821
Streets and roads.....	216,417
Parks and recreation.....	37,445
Events center.....	8,821
Total expenditures.....	<u>\$ 422,479</u>
 Excess revenues over expenditures.....	 \$ 52,872
 Fund balances - beginning.....	 <u>409,431</u>
 Fund balances - ending.....	 <u><u>\$ 462,303</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended September 30, 2023

Net changes in fund balances - total governmental funds \$ 52,872

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalized assets	208,346	
Depreciation expense	<u>(90,804)</u>	117,542

Tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the Statement of Activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.

Deferred revenue - 2023	10,124	
Deferred revenue - 2022	<u>(11,541)</u>	(1,417)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences - 2023	(106)	
Compensated absences - 2022	<u>2,251</u>	2,145

GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions

Current contributions	1,669	
Net pension revenue (expense)	<u>3,440</u>	5,109

Change in Net Position of Governmental Activities	<u><u>\$ 176,251</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Net Position
Proprietary Funds
September 30, 2023

ASSETS	Water Fund	Sanitation	Sewer Fund	Totals
Current Assets:				
Cash on hand and on deposit.....	\$ 136,103	\$ 52,069	\$ 197,216	\$ 385,388
Cash, restricted for bond.....	82,475	-	63,513	145,988
Accounts receivable.....	12,358	3,275	13,761	29,394
Less: Allowance for doubtful accounts.....	(335)	(124)	(578)	(1,037)
Interfund receivable.....	7,707	-	-	7,707
Total current assets.....	<u>\$ 238,308</u>	<u>\$ 55,220</u>	<u>\$ 273,912</u>	<u>\$ 567,440</u>
Noncurrent Assets:				
Capital assets, net of depreciation.....	\$ 1,161,897	\$ -	\$ 1,902,037	\$ 3,063,934
Capital assets, non-depreciable.....	-	-	58,053	58,053
Total assets.....	<u>\$ 1,400,205</u>	<u>\$ 55,220</u>	<u>\$ 2,234,002</u>	<u>\$ 3,689,427</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows.....	\$ 5,615	\$ -	\$ 6,364	\$ 11,979
LIABILITIES				
Current Liabilities:				
Interfund payable.....	\$ -	\$ -	\$ 7,707	\$ 7,707
Accounts payable.....	2,767	-	1,460	4,227
Deferred revenue.....	-	-	-	-
Unearned revenue.....	-	-	117,012	117,012
Current bond payable.....	21,868	-	28,916	50,784
Net pension liability.....	14,404	-	16,325	30,729
Total current liabilities.....	<u>\$ 39,039</u>	<u>\$ -</u>	<u>\$ 171,420</u>	<u>\$ 210,459</u>
Noncurrent Liabilities:				
Compensated absences payable.....	\$ 83	\$ -	\$ 507	\$ 590
Bonds payable.....	308,890	-	695,728	1,004,618
Total noncurrent liabilities.....	<u>\$ 308,973</u>	<u>\$ -</u>	<u>\$ 696,235</u>	<u>\$ 1,005,208</u>
Total liabilities.....	<u>\$ 348,012</u>	<u>\$ -</u>	<u>\$ 867,655</u>	<u>\$ 1,215,667</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows.....	\$ -	\$ -	\$ -	\$ -
NET POSITION				
Invested in capital assets, net of related debt.....	\$ 831,139	\$ -	\$ 1,235,446	\$ 2,066,585
Restricted for bond.....	82,475	-	63,513	145,988
Unrestricted.....	144,194	55,220	73,752	273,166
Total net position.....	<u>\$ 1,057,808</u>	<u>\$ 55,220</u>	<u>\$ 1,372,711</u>	<u>\$ 2,485,739</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2023

OPERATING REVENUE	Water	Sanitation	Sewer	Totals
	Fund		Fund	
Consumer charges.....	\$ 108,991	\$ 27,572	\$ 134,200	\$ 270,763
OPERATING EXPENSES				
Council.....	\$ 4,567	\$ -	\$ 4,566	\$ 9,133
Clerk salary.....	8,525	-	8,056	16,581
Maintenance labor.....	1,829	-	5,230	7,059
Testing.....	2,959	-	1,470	4,429
Repairs / maintenance supplies.....	31,095	-	82,671	113,766
Office, dues and other.....	6,828	-	2,342	9,170
Utilities / telephone.....	23,242	-	15,240	38,482
Payroll expenses.....	2,182	-	2,567	4,749
Chemicals.....	894	-	-	894
Professional fees.....	5,512	-	18,697	24,209
Depreciation expense.....	31,303	-	60,025	91,328
Contract services.....	-	19,387	-	19,387
Grant expenses.....	65,487	-	43	65,530
Miscellaneous expense.....	-	7,011	4,550	11,561
Total operating expenses.....	<u>\$ 184,423</u>	<u>\$ 26,398</u>	<u>\$ 205,457</u>	<u>\$ 416,278</u>
Operating income (loss).....	<u>\$ (75,432)</u>	<u>\$ 1,174</u>	<u>\$ (71,257)</u>	<u>\$ (145,515)</u>
NONOPERATING REVENUES (EXPENSES)				
Other income.....	\$ 6,459	\$ -	\$ 31,492	\$ 37,951
Interest earnings.....	315	-	215	530
Current contributions.....	368	-	417	785
Net pension revenue (expense).....	1,059	-	2,563	3,622
Interest paid.....	(14,942)	-	(28,219)	(43,161)
Total nonoperating revenue (expenses).....	<u>\$ (6,741)</u>	<u>\$ -</u>	<u>\$ 6,468</u>	<u>\$ (273)</u>
Income (loss) before transfers.....	<u>\$ (82,173)</u>	<u>\$ 1,174</u>	<u>\$ (64,789)</u>	<u>\$ (145,788)</u>
Transfers in (out).....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position.....	<u>\$ (82,173)</u>	<u>\$ 1,174</u>	<u>\$ (64,789)</u>	<u>\$ (145,788)</u>
NET POSITION				
Total net position - beginning	\$ 1,139,981	\$ 54,046	\$ 1,437,500	\$ 2,631,527
Total net position - ending	<u>\$ 1,057,808</u>	<u>\$ 55,220</u>	<u>\$ 1,372,711</u>	<u>\$ 2,485,739</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2023

CASH FLOWS FROM	Water		Sewer	
OPERATING ACTIVITIES	Fund	Sanitation	Fund	Totals
Receipts from customers.....	\$ 120,823	\$ 27,223	\$ 165,242	\$ 313,288
Unearned grant revenues.....	-	-	-	-
Payments to suppliers and employees.....	(151,784)	(28,310)	(145,807)	(325,901)
Net cash provided (used) by operating activities	<u>\$ (30,961)</u>	<u>\$ (1,087)</u>	<u>\$ 19,435</u>	<u>\$ (12,613)</u>
 CASH FLOWS FROM CAPITAL				
AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt.....	\$ (20,818)	\$ -	\$ (27,871)	\$ (48,689)
Interest paid on capital debt.....	(14,942)	-	(28,219)	(43,161)
Grant expense.....	-	-	(20,004)	(20,004)
Purchase of capital assets.....	(32,367)	-	(44,815)	(77,182)
Net cash provided (used) by capital and related financing activities.....	<u>\$ (68,127)</u>	<u>\$ -</u>	<u>\$ (120,909)</u>	<u>\$ (189,036)</u>
 CASH FLOWS FROM				
INVESTMENT ACTIVITIES				
Interest and dividends.....	\$ 315	\$ -	\$ 215	530
Net increase in cash and cash equivalents.....	\$ (98,773)	\$ (1,087)	\$ (101,259)	\$ (201,119)
Balances -- Beginning of the year.....	317,351	53,156	361,988	732,495
Balances -- End of the year.....	<u>\$ 218,578</u>	<u>\$ 52,069</u>	<u>\$ 260,729</u>	<u>\$ 531,376</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss).....	\$ (75,432)	\$ 1,174	\$ (71,257)	\$ (145,515)
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense.....	31,303	-	60,025	91,328
Other income.....	6,459	-	31,492	37,951
Change in assets and liabilities				
Receivables, net.....	5,373	(349)	(450)	4,574
Accounts and other payables.....	1,336	(1,912)	(375)	(951)
Unearned revenues.....	-	-	-	-
Net cash provided (used) by operating activities.....	<u>\$ (30,961)</u>	<u>\$ (1,087)</u>	<u>\$ 19,435</u>	<u>\$ (12,613)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS

Notes to the Financial Statements September 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Roberts consists of patrons from Jefferson County.

This report includes all of the funds/accounts of the City. It includes all activities considered to be part of the City under GASB Statement #2100, *Defining the Governmental Reporting Entity*. Activities include areas in which the City can assert its authority either directly or indirectly by financial means.

The City is organized and operates under the provisions of the Idaho Constitution and the Accounting policies and practices of the City conform to generally accepted accounting principles as applied to governments. The city's reporting entity applies all relevant *Governmental Accounting Standards Boards (GASB)* pronouncements. Proprietary funds and similar component units apply *Financial Accounting Standards Board's (FASB)* pronouncements and *Accounting Principal Board (APB)* opinions issued on or after November 30, 1989.

In the evaluation of how to define the City for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of the City of Roberts are included in the basic financial statements. Using the above criteria, the City has no component units.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal balances and transfers. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect 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 paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF ROBERTS

Notes to the Financial Statements
September 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, continued

Basis of Presentation, continued

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental* and *proprietary*—are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: The fund is established to account for resources devoted to financing the general services that the City performs. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the City for which a separate fund has not been established.

The City reports the following major enterprise funds:

Water Fund: This fund accounts for the operation, maintenance, and development of water services to the patrons of the City.

Sanitation Fund: This fund accounts for the operation, maintenance, and development of sanitation services to the patrons of the City.

Sewer Fund: This fund accounts for the operation, maintenance, and development of sewer services to the patrons of the City.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resource measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, 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 financial sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

All governmental and business-type activities of the City follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. ASSETS, LIABILITIES, and EQUITY

Deposits and Investments

The City Clerk maintains checking accounts, money market accounts and certificates of deposit.

Cash and Cash Equivalents

The City considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts receivable. Because property taxes attach as an enforceable lien after three years of delinquency, the City feels that all receivables are collectible.

Property Tax Calendar

Property taxes are levied in August of each year and become payable on December 20th, and on June 20th, of the following year for real property and personal property. Property taxes attach as an enforceable lien as of December 20th following the levy in August. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes collected after December 1, 2023 are classified as deferred revenue.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. ASSETS, LIABILITIES, and EQUITY, continued

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2023.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City had the following prepaid items at the end of the fiscal year.

General Fund – Prepaid Worker’s Compensation \$587

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired after July 1, 2001 are reported at cost or historical estimated cost. The Standards do not require us to retroactively restate general infrastructure assets acquired prior to July 1, 2001. 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.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30 - 50
Buildings and grounds	25 - 60
Improvements	10 - 50
Mobile equipment	5 - 30
Furniture, fixtures, and equipment	5 - 15

Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are legal limitations that are imposed on their use by the City, or external restrictions by other governments, creditors or grantors. When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first. Cash in the Water Fund, in the amount of \$82,475 is restricted for bond reserve payments and \$63,513 in the Sewer Fund.

Fund Balance Reserves

Fund balance is categorized into five categories: non-spendable, restricted, committed, assigned, and unassigned. For the year ended September 30, 2023, the entire fund balance of \$462,303 was unassigned. Unassigned funds are those which are available for any purpose.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. ASSETS, LIABILITIES, and EQUITY, continued

Risk Management

The City is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settlement claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

Estimates

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

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and investments for all funds consist of the following at year end:

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured/ Collateralized</u>	<u>Uninsured/ Uncollateralized</u>
Zions Bank:				
Zions Sweep	\$ 882,465	\$ 861,718	\$ 882,465	\$ -
Water Bond Reserve	89,947	89,947	89,947	-
Sewer Bond Reserve	74,994	74,994	74,994	-
Parks Project	1,150	1,150	1,150	-
Wastewater Project	<u>117,238</u>	<u>117,238</u>	<u>117,238</u>	<u>-</u>
Grand Total	<u>\$ 1,165,794</u>	<u>\$ 1,145,047</u>	<u>\$ 1,165,794</u>	<u>\$ -</u>

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS, continued

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the City's deposits were \$1,145,047 and the bank balances were \$1,165,794. 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. Of the bank balances, \$1,165,794 was covered by federal depository insurance, leaving none at risk.

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>
Local Sources				
Local Taxes	\$ 11,241			
Service Fees	-	\$ 12,358	\$ 13,761	\$ 3,275
Less: Allowance		<u>(335)</u>	<u>(578)</u>	<u>(124)</u>
Total Local	<u>\$ 11,241</u>	<u>\$ 12,023</u>	<u>\$ 13,183</u>	<u>\$ 3,151</u>
State Sources				
State Revenues	<u>\$ 36,390</u>			
Total State	<u>\$ 36,390</u>			

NOTE 4 INTERFUND BALANCES AND ACTIVITY

Inter-fund Receivables and Payables

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
Water Fund	7,707	-
Sewer Fund	-	7,707

The Sewer Fund received funds from the Water Fund to cover operations in prior years. The funds have not been repaid as of the end of the 2023 fiscal year.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 5 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Capital Acquisitions</u>	<u>Sales / Other Dispositions</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Work-in-progress	-	178,306	-	178,306
Depreciable Assets:				
Buildings & Equipment	<u>3,865,358</u>	<u>30,040</u>	-	<u>3,895,398</u>
Total capital assets	3,883,758	208,346	-	4,092,104
Less: accumulated depreciation	<u>1,449,610</u>	<u>90,804</u>	-	<u>1,540,414</u>
Gov'tl Activity capital assets, net	<u>\$ 2,434,148</u>	<u>\$ 117,542</u>	<u>\$ -</u>	<u>\$ 2,551,690</u>
Business-type Activities				
Non-depreciable Assets:				
Land	\$ 14,800	\$ -	\$ -	\$ 14,800
Work-in-progress	393	42,860	-	43,253
Depreciable Assets:				
Water Fund				
Buildings & equipment	\$ 1,725,263	\$ 32,367	\$ -	\$ 1,757,630
Less: accumulated depreciation	<u>564,430</u>	<u>31,303</u>	-	<u>595,733</u>
Water capital assets, net	<u>\$ 1,160,833</u>	<u>\$ 1,064</u>	<u>\$ -</u>	<u>\$ 1,161,897</u>
Sewer Fund				
Buildings & equipment	\$ 3,007,489	\$ 1,955	\$ -	\$ 3,009,444
Less: accumulated depreciation	<u>1,047,382</u>	<u>60,025</u>	-	<u>1,107,407</u>
Sewer capital assets, net	<u>\$ 1,960,107</u>	<u>\$ (58,070)</u>	<u>\$ -</u>	<u>\$ 1,902,037</u>
Business-type capital assets, net	<u>\$ 3,136,133</u>	<u>\$ (14,146)</u>	<u>\$ -</u>	<u>\$ 3,121,987</u>

Depreciation expense was charged to functions as follows:

General government	\$ 90,804
Water fund	31,303
Sewer fund	<u>60,025</u>
Total Depreciation	<u>\$ 182,132</u>

NOTE 6 LONG-TERM OBLIGATIONS

Water Revenue Bonds Issue:

On May 11, 2005, the City of Roberts issued \$600,000 of Water Revenue Bonds, Series 2005 to finance the construction and installation of improvements to the City's domestic water system. Water Revenue Bonds Payable at September 30, 2023 are comprised of the Series 2005 Water Revenue Bonds due in annual principal and interest installments of \$35,760 on May 11 of each year through May 11, 2035. The effective rate of interest for the bonds is 4.25%. The outstanding balance at September 30, 2023 is \$330,758.

USDA Rural Development Waste-Water Project Loan:

On December 15, 2010 the City issued Build America Bonds in the amount of \$1,000,000 to finance improvements to the city's wastewater system. These bonds allow for a 35% federal subsidy on interest costs. The City is required to make annual payments of \$56,090 with an applicable interest rate of 3.75%. The outstanding balance at September 30, 2023 is \$724,644.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 6 LONG-TERM OBLIGATIONS, Continued

The following summary recaps the changes in the City's long-term obligations for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Governmental-type activities				
Compensated absences	\$ 2,251	\$ -	\$ 2,145	\$ 106
Total governmental-type	<u>\$ 2,251</u>	<u>\$ -</u>	<u>\$ 2,145</u>	<u>\$ 106</u>
Business-type activities				
Water Revenue Bonds	\$ 351,576	\$ -	\$ 20,818	\$ 330,758
Sewer Bond	752,515	-	27,871	724,644
Compensated absences	2,362	-	1,772	590
Total business-type activities	<u>\$ 1,106,453</u>	<u>\$ -</u>	<u>\$ 50,461</u>	<u>\$ 1,055,992</u>

Interest expense has been charged as follows:

Water Fund	\$ 14,942
Sewer Fund	28,219
Total	<u>\$ 43,161</u>

The following schedule recaps the maturities of each obligation for the subsequent five years until termination of the obligations:

	<u>Total</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029- 2033</u>	<u>2034- 2038</u>	<u>2039- 2043</u>
Business Activities									
Water Rev. Bond	\$ 330,758	\$ 21,868	\$ 22,713	\$ 23,678	\$ 24,685	\$ 25,734	\$ 146,034	\$ 66,046	\$ -
Sewer Project Loan	<u>724,644</u>	<u>28,916</u>	<u>30,000</u>	<u>31,125</u>	<u>32,292</u>	<u>33,503</u>	<u>187,332</u>	<u>225,192</u>	<u>156,284</u>
Total	<u>\$1,055,402</u>	<u>\$ 50,784</u>	<u>\$ 52,713</u>	<u>\$ 54,803</u>	<u>\$ 56,977</u>	<u>\$ 59,237</u>	<u>\$ 333,366</u>	<u>\$ 291,236</u>	<u>\$ 156,284</u>

CITY OF ROBERTS

Notes to the Financial Statements September 30, 2023

NOTE 7 PENSION ACTIVITY

Plan Description

The City of Roberts 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. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (74%) of the employer rate. As of June 30, 2023, it was 7.16% (9.13%). The employer contribution rate is set by the Retirement Board and was 11.94% (12.28%) of covered compensation. The City of Roberts' contributions were \$11,833 for the year ended September 30, 2023.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 7 PENSION ACTIVITY, Continued

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

At September 30, 2023, the City of Roberts 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 of Roberts proportion of the net pension liability was based on the City of Roberts share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the City of Roberts proportion was .00240625 percent.

For the year ended September 30, 2023, the City of Roberts recognized pension expense (revenue) of \$(7,062). At September 30, 2023 the City of Roberts 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	\$ 16,460	\$ -
Changes in assumptions or other inputs	9,509	-
Net difference between projected and actual earnings on pension plan investments	9,012	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	2,454	-
TOTAL	\$ 37,435	\$ -

\$2,454 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

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

Year ended September 30, 2023:	
2024	\$ 12,440
2025	\$ 5,846
2026	\$ 18,186
2027	\$ (1,491)
2028	\$ -

CITY OF ROBERTS

Notes to the Financial Statements
September 30, 2023

NOTE 7 PENSION ACTIVITY, Continued

Actuarial Assumptions

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

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are 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.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 7 PENSION ACTIVITY, Continued

	2023	
Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US / Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	00.00%	00.00%
Total	100.00%	100.00%

Discount Rate

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

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Proportionate share of the net pension liability (asset)	172,706	96,027	33,354

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.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2023**

NOTE 8 SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the financial statements were available, February 12, 2024. No subsequent events occurred which would require disclosure.

NOTE 9 RELATED PARTY TRANSACTIONS

The City has not been involved in any related party transactions that would merit disclosure.

NOTE 10 RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including but not limited to a) damage to and loss of property and contents; b) employee torts; c) professional liability, i.e., errors and omissions; d) environmental damage; e) workers compensation, i.e., employee injuries; and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settled claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation:

The City has not been involved in any litigation and is not currently involved in any litigation that will have a material effect on the financial statements.

Contingent Liabilities:

The City participates in a number of federally assisted grant programs. These programs may be subject to compliance audits by the grantors or their representatives. Such audits of these programs for the year reported herein have not been conducted or completed and accepted. Accordingly, the City's accepted compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agency or agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City does not have any other contingent liabilities as of September 30, 2023.

NOTE 12 UNEARNED REVENUE

The City received \$117,012 from the American Rescue Plan Act of 2021. Generally Accepted Accounting Principles state this money should not be recognized as income until it is spent. Therefore, it was recorded as unearned revenue, and will be recognized as income as it is spent. During the fiscal year 2023, the City spent \$20,004 of this money.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ROBERTS
Statement of Revenues, Expenditures and Changes in Fund Net Position -
Budget to Actual - General Fund
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
<u>Local Sources:</u>				
Tax charges.....	\$ 120,000	\$ 120,000	\$ 123,933	\$ 3,933
Interest earnings.....	700	700	26,366	25,666
Rental revenue.....	11,000	11,000	11,323	323
Other / miscellaneous revenue.....	499,630	499,630	188,818	(310,812)
<u>State Sources:</u>				
Highway users.....	33,190	33,190	36,965	3,775
Revenue sharing.....	-	-	64,308	64,308
Liquor apportionment.....	28,000	28,000	23,638	(4,362)
Total revenue.....	<u>\$ 692,520</u>	<u>\$ 692,520</u>	<u>\$ 475,351</u>	<u>\$ (217,169)</u>
EXPENDITURES				
Administration.....	\$ 164,884	\$ 164,884	\$ 129,016	\$ 35,868
Library.....	41,850	41,850	21,959	19,891
Police.....	8,821	8,821	8,821	-
Streets and roads.....	314,315	314,315	216,417	97,898
Parks and recreation.....	290,250	290,250	37,445	252,805
Events center.....	22,400	22,400	8,821	13,579
Total expenditures.....	<u>\$ 842,520</u>	<u>\$ 842,520</u>	<u>\$ 422,479</u>	<u>\$ 420,041</u>
Excess revenue over expenditures.....	\$ (150,000)	\$ (150,000)	\$ 52,872	\$ 202,872
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net position.....	\$ (150,000)	\$ (150,000)	\$ 52,872	\$ 202,872
FUND BALANCE				
Beginning balance.....	<u>409,431</u>	<u>409,431</u>	<u>409,431</u>	<u>-</u>
Ending balance.....	<u>\$ 259,431</u>	<u>\$ 259,431</u>	<u>\$ 462,303</u>	<u>\$ 202,872</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - Base Plan
Last 10 Fiscal Years*

	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Roberts portion of the net pension liability	0.0023235%	0.0024494%	0.0024063%
City of Roberts proportionate share of the net pension liability	\$ (1,835)	\$ 96,476	\$ 96,027
City of Roberts covered-employee payroll	\$ 101,322	\$ 106,733	\$ 100,705
City of Roberts proportional share of the net pension liability as a percentage of its covered-employee payroll	-1.81%	90.39%	95.35%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	83.09%	83.09%

- Data reported is measured as of June 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>
City of Roberts portion of the net pension liability	0.0024577%	0.0024237%	0.0023666%
City of Roberts proportionate share of the net pension liability	\$ 36,252	\$ 27,666	\$ 54,956
City of Roberts covered-employee payroll	\$ 76,720	\$ 78,061	\$ 87,540
City of Roberts proportional share of the net pension liability as a percentage of its covered-employee payroll	47.25%	35.44%	62.78%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	93.79%	88.22%

- Data reported is measured as of June 30, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of Roberts portion of the net pension liability	0.0029059%	0.0027522%	0.0026647%
City of Roberts proportionate share of the net pension liability	\$ 38,266	\$ 55,791	\$ 41,885
City of Roberts covered-employee payroll	\$ 73,634	\$ 74,032	\$ 76,820
City of Roberts proportional share of the net pension liability as a percentage of its covered-employee payroll	51.97%	75.36%	54.52%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%

- Data reported is measured as of June 30, 2023

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

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - Base Plan
Last 10 Fiscal Years*

	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorily required contribution	\$ 9,174	\$ 11,342	\$ 10,509
Contributions in relation to the statutorily required contribution	\$ 10,478	\$ 11,669	\$ 12,364
Contribution (deficiency) excess	\$ 1,304	\$ 327	\$ 1,855
Employer's covered-employee payroll	\$ 86,357	\$ 96,177	\$ 101,896
Contributions as a percentage of covered-employee payroll	12.13%	12.13%	12.13%

- Data reported is measured as of June 30, 2023

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contribution	\$ 9,544	\$ 9,274	\$ 9,285
Contributions in relation to the statutorily required contribution	\$ 9,072	\$ 9,454	\$ 10,191
Contribution (deficiency) excess	\$ (472)	\$ (472)	\$ 906
Employer's covered-employee payroll	\$ 78,656	\$ 81,971	\$ 83,920
Contributions as a percentage of covered-employee payroll	11.53%	11.53%	12.14%

- Data reported is measured as of June 30, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Statutorily required contribution	\$ 9,505	\$ 8,181	\$ 8,986
Contributions in relation to the statutorily required contribution	\$ 9,752	\$ 9,193	\$ 9,496
Contribution (deficiency) excess	\$ 247	\$ 1,012	\$ 510
Employer's covered-employee payroll	\$ 81,107	\$ 79,688	\$ 82,327
Contributions as a percentage of covered-employee payroll	12.02%	11.54%	11.53%

- Data reported is measured as of June 30, 2023

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

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS

**Notes to Required Supplemental Information
September 30, 2023**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The Idaho Constitution and the Idaho State Tax Commission prescribe the budget process and procedures for governmental subdivisions. The City has satisfied the basic requirements prescribed in the following particulars:

- a. Formulation of subsequent year budget requirements by City officials and personnel.
- b. Perusal of formulated budgets by City officials.
- c. Presentation of preliminary and final budget requirements in formal news media of the City.
- d. Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control of budgets following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officials and employees for management purposes. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at the end of the fiscal year.

NOTE 2 PENSIONS

The City of Roberts contributes to 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.

During the fiscal year ended September 30, 2023, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.

SUPPLEMENTAL INFORMATION

CITY OF ROBERTS
Schedule of General Fund Expenditures -
Budget to Actual - By Function
September 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
ADMINISTRATION			
Mayor/council salaries.....	\$ 8,100	\$ 8,042	\$ 58
Clerks salary.....	16,480	10,139	6,341
Maintenance Salary.....	28,000	24,324	3,676
Payroll expenses.....	4,338	3,555	783
Employee insurance.....	-	98	(98)
Retirement.....	3,700	2,115	1,585
Office expense.....	3,500	3,526	(26)
Utilities / telephone.....	7,000	7,602	(602)
Professional fees.....	9,000	10,470	(1,470)
General insurance.....	20,000	17,678	2,322
Repairs and maintenance.....	9,000	2,543	6,457
Department supplies.....	1,000	1,061	(61)
Travel expenses.....	2,000	2,016	(16)
Planning and zoning.....	1,200	881	319
Dues.....	500	46	454
Other expenses.....	5,300	5,504	(204)
Capital outlay.....	45,766	29,416	16,350
	<u>\$ 164,884</u>	<u>\$ 129,016</u>	<u>\$ 35,868</u>
LIBRARY			
Salaries.....	\$ 9,200	\$ 9,668	\$ (468)
Payroll taxes.....	800	718	82
Retirement.....	1,150	636	514
Employee insurance.....	-	-	-
Utilities.....	5,200	5,205	(5)
Supplies.....	1,500	1,471	29
Capital outlay.....	4,000	3,192	808
Other expenses.....	20,000	1,069	18,931
	<u>\$ 41,850</u>	<u>\$ 21,959</u>	<u>\$ 19,891</u>
POLICE			
Contract services.....	<u>\$ 8,821</u>	<u>\$ 8,821</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Schedule of General Fund Expenditures -
Budget to Actual - By Function
September 30, 2023

	Budget	Actual	Variance- Favorable (Unfavorable)
STREET AND ALLEYS			
Salaries.....	\$ 28,000	\$ 25,774	\$ 2,226
Payroll taxes.....	2,310	2,000	310
Retirement.....	2,005	1,817	188
Utilities - lighting.....	12,000	9,867	2,133
Repairs and maintenance.....	11,000	7,034	3,966
Capital outlay.....	255,000	165,389	89,611
Supplies.....	4,000	4,536	(536)
	<u>\$ 314,315</u>	<u>\$ 216,417</u>	<u>\$ 97,898</u>
PARKS AND RECREATION			
Repairs and maintenance.....	\$ 13,000	\$ 11,318	\$ 1,682
Supplies.....	750	605	145
Other expense.....	1,500	3,949	(2,449)
Capital outlay.....	275,000	21,573	253,427
	<u>\$ 290,250</u>	<u>\$ 37,445</u>	<u>\$ 252,805</u>
EVENT CENTER			
Utilities.....	\$ 10,000	\$ 5,577	\$ 4,423
Repairs and maintenance.....	10,000	1,952	8,048
Supplies.....	2,400	1,235	1,165
Other expense.....	-	57	(57)
	<u>\$ 22,400</u>	<u>\$ 8,821</u>	<u>\$ 13,579</u>

The notes to the financial statements are an integral part of this statement.

JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Mayor and City Council
City of Roberts
Roberts, ID 83444

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Roberts, Idaho, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Roberts' basic financial statements and have issued our report thereon dated February 12, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Roberts' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2023-01 that we consider to be significant deficiencies.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Roberts, Idaho's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Roberts, Idaho's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Roberts, Idaho'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.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants
Idaho Falls, Idaho
February 12, 2024

CITY OF ROBERTS

**Schedule of Audit Findings and Responses
September 30, 2023**

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2023-01

Condition:

The City experiences a lack of segregation of duties over the accounting function, including the custody, recording and reconciliation of cash.

Cause:

The above noted situation is the result of staffing limitations necessitated by budget constraints common to a City this size.

Effect:

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

Recommendation:

It is simply requested that the City take note that this situation exists. However, substantial changes cannot be expected until the above noted situation is adequately mitigated.

Response:

The City recognizes the lack of segregation of duties but feels the level of participation from the Mayor and City Council provides the appropriate controls to mitigate the potential of material misstatements due to error or fraud.

CITY OF ROBERTS

**Schedule of Prior Findings and Responses
September 30, 2023**

Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

1. Segregation of duties

2022-01—Segregation of Duties

Condition:

The City experienced a lack of segregation of duties over reporting of cash transactions.

Current Status:

The City still has only one person responsible for the accounting function.