

CITY OF OAKLEY, IDAHO

Basic Financial Statements

September 30, 2021



CITY OF OAKLEY, IDAHO
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2021
TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Title Page	
Table of Contents	2
 FINANCIAL SECTION	
Independent Auditor's Report	3 - 4
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	11
Statement of Net Position - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14
Notes to the Financial Statements	15 - 24
 Required Supplemental Information:	
Schedule of Employer's Share of Net Pension Liability & Schedule of Employer's Contributions	25
 Independent Auditor's Report on Compliance and Internal Control	 26 - 27
Schedule of Findings and Responses	28

FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Oakley, Idaho

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 Oakley, Idaho as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oakley, Idaho, as of September 30, 2021, and the respective changes in financial position and budgetary comparison for the General Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Poulsen, VanLeuven, & Catmull

Poulsen, VanLeuven, & Catmull PA

February 10, 2022

CITY OF OAKLEY, IDAHO

Statement of Net Position
September 30, 2021

	Governmental Activities	Business Type Activities	Totals
ASSETS			
Cash & Investments	\$ 347,044	\$ 209,335	\$ 556,379
Receivables (Net of Allowances):			
Taxes	1,316	-	1,316
Accounts - Note 2	-	29,384	29,384
Due From Other Governments - Note 3	18,025	-	18,025
Inventory - Note 1	-	-	-
Restricted Assets:			
Cash - Note 5	-	-	-
Capital Assets - Note 4:			
Land	12,000	8,000	20,000
Other Capital Assets, Net of Depreciation	405,422	425,018	830,440
Other Assets, Net of Amortization	-	-	-
Net Pension Asset	669	1,388	2,057
Total assets	<u>784,476</u>	<u>673,125</u>	<u>1,457,601</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension obligations	9,646	20,018	29,664
Total Deferred Outflows of Resources	<u>9,646</u>	<u>20,018</u>	<u>29,664</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	-	-	-
Long-Term Liabilities - Note 6:			
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Employer pension assumption	21,404	44,415	65,819
Total Deferred Inflows of Resources	<u>21,404</u>	<u>44,415</u>	<u>65,819</u>
NET POSITION			
Invested in Capital Assets, net of related debt	417,422	433,018	850,440
Restricted for:			
Grant Projects	-	-	-
Capital Facilities - Note 5	-	-	-
Unrestricted	355,296	215,710	571,006
Total Net Position	<u>\$ 772,718</u>	<u>\$ 648,728</u>	<u>\$ 1,421,446</u>

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Activities
For the Year Ended September 30, 2021

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	
Governmental Activities:							
General Government	\$ 77,385	\$ 415	\$ -	\$ -	\$ (76,970)		\$ (76,970)
Public Safety	4,000	-	-	-	(4,000)		(4,000)
Parks	8,113	6,403	-	-	(1,710)		(1,710)
Streets	63,015	-	-	-	(63,015)		(63,015)
Interest	-	-	-	-	-		-
Total Governmental Activities	152,513	6,818	-	-	(145,695)		(145,695)
Business-Type Activities:							
Water	207,619	230,014	-	-		\$ 22,395	22,395
Sanitation	53,366	58,142	-	-		4,776	4,776
Total Business-Type Activities	260,985	288,156	-	-		27,171	27,171
Total Primary Government	\$ 413,498	\$ 294,974	\$ -	\$ -	(145,695)	27,171	(118,524)
General Revenues							
					52,442	-	52,442
					39,062	-	39,062
					39,572	-	39,572
					68,491	-	68,491
					20,556	-	20,556
					87,329	-	87,329
					-	217	217
					20,356	-	20,356
					-	-	-
					-	-	-
Total General Revenues and Transfers					327,808	217	328,025
Change in Net Position					182,113	27,388	209,501
Net Position Beginning of Year					590,605	621,340	1,211,945
Net Position End of Year					\$ 772,718	\$ 648,728	\$ 1,421,446

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Balance Sheet Governmental Funds September 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and temporary investments	\$ 347,044
Taxes receivable	1,316
Due from other governments	<u>18,025</u>
Total assets	<u>\$ 366,385</u>
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	\$ -
Accrued liabilities	<u>-</u>
Total liabilities	<u>-</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>1,300</u>
Total deferred inflows of resources	<u>1,300</u>
Fund Balances	
Fund balance (unassigned)	<u>365,085</u>
Total fund balances	<u>365,085</u>
Total liabilities and fund balances	<u>\$ 366,385</u>

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Reconciliation of Total Governmental Fund Balances to
the Statement of Net Position
September 30, 2021

Total Governmental Fund Balances	\$	365,085
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.		417,422
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds:		
Property Taxes		1,300
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Fund Debt		-
Accrued Interest Payable		-
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		669
Balances at September 30, 2021:		
Deferred outflows of resources pension expense	6,631	
Deferred outflow of 2021 employer contributions	<u>3,015</u>	
		9,646
Deferred inflows or resources related to pensions.		<u>(21,404)</u>
Net Position of Governmental Activities	\$	<u><u>772,718</u></u>

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2021

	<u>General Fund</u>
Revenues:	
Property taxes	\$ 52,647
State liquor tax	39,572
State revenue sharing	68,491
State highway apportionment	39,062
County road apportionment	20,556
Franchise fees	8,047
Licenses and permits	415
Parks income	6,403
Grant income	87,329
Rent Income	3,600
Miscellaneous income	8,709
	<hr/>
Total revenues	334,831
	<hr/>
Expenditures:	
General government	
Salaries & retirement	11,923
Payroll expenses	5,462
Health & life insurance	19,237
Legal and accounting	4,200
Utilities	3,582
Supplies	5,431
Repairs and maintenance	9,421
Liability Insurance	3,419
Streets	
Salaries, temporary help & retirement	4,111
Payroll expenses	1,883
Health & life insurance	6,633
Utilities	8,142
Repairs and maintenance	37,338
Miscellaneous	4,908
Parks	
Salaries, temporary help & retirement	411
Payroll expenses	188
Health & life insurance	663
Supplies	4,244
Miscellaneous	2,607
Law enforcement	4,000
Total expenditures	137,803
	<hr/>
Excess (deficiency) of revenues over expenditures	197,028
Fund balance - beginning	168,057
	<hr/>
Fund balance - ending	\$ 365,085
	<hr/> <hr/>

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 197,028

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current year:

Capital outlay	\$ -	
Depreciation expense	(22,217)	
Excess of capital outlay over depreciation		(22,217)

Because governmental funds report capital outlays as expenditures, when capital assets are sold, the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.

Difference in gain or loss on sale of capital assets		-
--	--	---

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in deferred revenue.

(205)

The repayment of principal of long-term debt consumes the current financial resources of governmental funds, however, it has no effect on net assets in the statement of activities.

-

In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.

-

In the Governmental Funds, pension contributions are considered an expense, while on the statements of activities the contributions are considered a deferred outflow.

7,507

Change in Net Position of Governmental Activities

\$ 182,113

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Property taxes	\$ 49,000	\$ 49,000	\$ 52,647	\$ 3,647
State liquor tax	32,000	32,000	39,572	7,572
State revenue sharing	50,500	50,500	68,491	17,991
State highway apportionment	31,000	31,000	39,062	8,062
County road apportionment	21,000	21,000	20,556	(444)
Investment earnings	-	-	-	-
Franchise fees	7,500	7,500	8,047	547
Licenses and permits	500	500	415	(85)
Parks income	2,500	2,500	6,403	3,903
Grant income	-	-	87,329	87,329
Rent Income	6,000	6,000	3,600	(2,400)
Miscellaneous income	4,000	4,000	8,709	4,709
Total revenues	204,000	204,000	334,831	130,831
Expenditures:				
General government				
Salaries & retirement	40,200	40,200	11,923	28,277
Payroll expenses	12,325	12,325	5,462	6,863
Health & life insurance	45,675	45,675	19,237	26,438
Legal and accounting	4,900	4,900	4,200	700
Liability insurance	6,850	6,850	3,419	3,431
Utilities	10,000	10,000	3,582	6,418
Supplies	16,500	16,500	5,431	11,069
Repairs and maintenance	10,000	10,000	9,421	579
Streets				
Salaries, temporary help & retirement	32,000	32,000	4,111	27,889
Payroll expenses	4,250	4,250	1,883	2,367
Health & life insurance	15,750	15,750	6,633	9,117
Utilities	9,000	9,000	8,142	858
Repairs and maintenance	57,000	57,000	37,338	19,662
Miscellaneous	4,500	4,500	4,908	(408)
Parks				
Salaries, temporary help & retirement	2,000	2,000	411	1,589
Payroll expenses	425	425	188	237
Health & life insurance	1,575	1,575	663	912
Supplies	2,000	2,000	4,244	(2,244)
Miscellaneous	2,000	2,000	2,607	(607)
Law enforcement	4,000	4,000	4,000	-
Total expenditures	280,950	280,950	137,803	143,147
Excess (deficiency) of revenues over expenditures	(76,950)	(76,950)	197,028	273,978
Fund balance - beginning	168,057	168,057	168,057	-
Fund balance - ending	\$ 91,107	\$ 91,107	\$ 365,085	\$ 273,978

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-Type Activities Enterprise Funds		
	Water Fund	Sanitation Fund	Totals
ASSETS			
Cash & Investments	\$ 181,803	\$ 27,532	\$ 209,335
Receivables (net of allowances):			
Accounts	22,370	7,014	29,384
Capital Assets:			
Land	8,000	-	8,000
Other Capital Assets, net of depreciation	424,952	66	425,018
Other Assets, Net of Amortization	-	-	-
Net Pension Asset	1,388	-	1,388
Total assets	638,513	34,612	673,125
DEFERED OUTFLOWS OF RESOURCES			
Pension Obligations	20,018	-	20,018
Total deferred inflows of resources	20,018	-	20,018
LIABILITIES			
Long-Term Liabilities:			
Net Pension Liability	-	-	-
Total liabilities	-	-	-
DEFERED INFLOWS OF RESOURCES			
Employer Pension Assumption	44,415	-	44,415
Total deferred inflows of resources	44,415	-	44,415
NET POSITION			
Invested in Capital Assets, net of related debt	432,952	66	433,018
Restricted for:			
Capital Facilities	-	-	-
Unrestricted	181,164	34,546	215,710
Total Net Position	\$ 614,116	\$ 34,612	\$ 648,728

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water	Sanitation	Totals
Operating revenues:			
Charges for service	\$ 230,014	\$ 58,142	\$ 288,156
Miscellaneous	-	-	-
Total revenues	230,014	58,142	288,156
Operating expenses:			
Salaries & retirement	78,405	-	78,405
Health & life insurance	31,703	-	31,703
Payroll expenses	5,454	-	5,454
Professional fees	3,600	830	4,430
Office expenses	5,763	3,460	9,223
Power for pumps	19,188	-	19,188
Garbage contract	-	48,877	48,877
Operating & maint supplies	24,953	-	24,953
Repair & maint	409	-	409
Vehicle fuel	1,744	-	1,744
Miscellaneous	321	-	321
Utilities	5,702	-	5,702
Water testing	2,030	-	2,030
Depreciation	28,347	199	28,546
Total operating expenses	207,619	53,366	260,985
Operating income (loss)	22,395	4,776	27,171
Non-operating revenues (expenses)			
Interest income	217	-	217
Total non-operating revenues (expenses)	217	-	217
Income/(Loss) before contributions and Transfers	22,612	4,776	27,388
Capital Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	22,612	4,776	27,388
Net Position Beginning of Year	591,504	29,836	621,340
Net Position End of Year	\$ 614,116	\$ 34,612	\$ 648,728

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water	Sanitation	Totals
Cash flows provided by operating activities:			
Receipts from customers and users	\$ 233,852	\$ 57,322	\$ 291,174
Payments to suppliers	(95,413)	(53,167)	(148,580)
Payments to employees	(83,859)	-	(83,859)
Other receipts/(payments)	-	-	-
Net cash provided (used) by operating activities	<u>54,580</u>	<u>4,155</u>	<u>58,735</u>
Cash flows from noncapital and related financing activities:			
Transfers (to)/from other funds	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Principal and interest paid on long-term debt	-	-	-
Amounts borrowed for capital asset purchases	-	-	-
Capital grants received	-	-	-
(Acquisition)/disposal of capital assets	-	-	-
Non-cash effect of net pension liability	(17,612)	-	(17,612)
Net cash used by capital and related financing activities	<u>(17,612)</u>	<u>-</u>	<u>(17,612)</u>
Cash flows from investing activities:			
Interest received on Investments	217	-	217
Net cash provided by investing activities	<u>217</u>	<u>-</u>	<u>217</u>
Net increase (decrease) in cash	37,185	4,155	41,340
Cash at beginning of year	<u>144,618</u>	<u>23,377</u>	<u>167,995</u>
Cash at end of year	<u>\$ 181,803</u>	<u>\$ 27,532</u>	<u>\$ 209,335</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 22,395	\$ 4,776	\$ 27,171
Depreciation	28,347	199	28,546
(Increase) decrease in accounts receivable	3,838	(820)	3,018
Increase (decrease) in accounts payable	-	-	-
Net cash provided (used) by operating activities	<u>\$ 54,580</u>	<u>\$ 4,155</u>	<u>\$ 58,735</u>

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Oakley 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.

A. Reporting Entity

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

B. Government-Wide Financial Statements

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

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

C. Fund Financial Statements

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

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

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

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

CITY OF OAKLEY, IDAHO

Notes to Financial Statements
September 30, 2021

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 government reports the following major proprietary funds:

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

The Sanitation Fund accounts for the operations of providing sanitation services to the citizens of the City.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, the City's deposits were \$58,038 over the FDIC limit of \$250,000.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held no investments.

Credit Risk: The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing 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 taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

F. Inventory

Inventories at year end are considered immaterial and have not been accounted for.

G. 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 are 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 assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

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

CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2021

H. Long-Term Liabilities

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

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

I. Budgets and Budgetary Accounting

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

1. Prior to certifying the tax levy to the county commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.
2. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principals. Uncommitted appropriations lapse at every year end.
3. Revisions to the budget can only be made by court order, public hearing, or in case of certain emergencies as defined by law.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay, and other employee benefit amounts have not been accrued. The amount of this accrual is not material to the financial statements.

K. Encumbrances

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

L. Fund Classifications

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

The City reports the following classifications as applicable:

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

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

CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2021

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

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

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

M. Use of Estimates

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

N. Application of Restricted or Unrestricted Resources

The City's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. 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.

NOTE 2: ACCOUNTS RECEIVABLE

An aging of accounts receivable (after netting the allowance of \$5,185) is as follows:

	Water	Sanitation	Totals
Current	\$ 16,636	\$ 4,903	\$ 21,539
Past Due	5,734	2,111	7,845
Total	\$ 22,370	\$ 7,014	\$ 29,384

NOTE 3: DUE FROM OTHER GOVERNMENTS

The amount due from other governments consisted of the following:

State liquor apportionment	\$	7,518
State highway use tax receivable		10,507
State revenue sharing		-
Total	\$	18,025

CITY OF OAKLEY, IDAHO

Notes to Financial Statements
September 30, 2021

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/2020	Additions	Deletions	Balance 9/30/2021
Governmental Activities				
Non-depreciable				
Land	\$ 12,000	\$ -	\$ -	\$ 12,000
Buildings	279,850	-	-	279,850
Improvements other than buildings	207,590	-	-	207,590
Equipment	40,807	-	-	40,807
Total	540,247	-	-	540,247
Accumulated Depreciation:				
Buildings	44,305	12,911	-	57,216
Improvements other than buildings	32,042	6,107	-	38,149
Equipment	24,261	3,199	-	27,460
Total	100,608	22,217	-	122,825
Net Book Value:				
Non-depreciable				
Land	12,000	-	-	12,000
Buildings	235,545	(12,911)	-	222,634
Improvements other than buildings	175,548	(6,107)	-	169,441
Equipment	16,546	(3,199)	-	13,347
Total	\$ 439,639	\$ (22,217)	\$ -	\$ 417,422
Business-type Activities				
Water Fund				
Land (non-depreciable)	\$ 8,000	\$ -	\$ -	\$ 8,000
Buildings	52,000	-	-	52,000
Improvements other than buildings	1,115,621	-	-	1,115,621
Equipment	77,284	-	-	77,284
Total	1,252,905	-	-	1,252,905
Accumulated Depreciation:				
Buildings	23,031	1,485	-	24,516
Improvements other than buildings	699,559	23,219	-	722,778
Equipment	69,016	3,643	-	72,659
Total	791,606	28,347	-	819,953
Net Book Value:				
Land (non-depreciable)	8,000	-	-	8,000
Buildings	28,969	(1,485)	-	27,484
Improvements other than buildings	416,062	(23,219)	-	392,843
Equipment	8,268	(3,643)	-	4,625
Total	\$ 461,299	\$ (28,347)	\$ -	\$ 432,952

Continued on next page...

CITY OF OAKLEY, IDAHO

Notes to Financial Statements
September 30, 2021

	Balance 9/30/2020	Additions	Deletions	Balance 9/30/2021
Sanitation Fund				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Equipment	997	-	-	997
Total	12,939	-	-	997
Accumulated Depreciation:				
Equipment	731	200	-	931
Total	731	200	-	931
Net Book Value:				
Land (non-depreciable)	-	-	-	-
Equipment	266	(200)	-	66
Total	\$ 266	\$ (200)	\$ -	\$ 66

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1.

The City has elected not to retroactively report infrastructure assets. Therefore, only infrastructure assets acquired subsequent to September 30, 2003 are reported in the financial statements. Infrastructure assets not reported consist mainly of roads.

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

General Government	\$ 13,911
Parks	1,669
Streets	6,637
Total Governmental Activities Depreciation	<u>\$ 22,217</u>

NOTE 5: RESTRICTED CASH

The City had no restricted cash at year end, but had \$1,267 of cash committed for Christmas lights.

NOTE 6: LONG-TERM DEBT

The City had no long-term debt as of September 30, 2021.

NOTE 7: 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. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

NOTE 8: STATEMENT OF CASH FLOWS

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

No cash was paid for interest during the fiscal year.

NOTE 9: RISK MANAGEMENT/INSURANCE COVERAGE

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

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund.

CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2021

All other insurance has been purchased through ICRMP (Idaho Counties Risk Management Program), which expires October 1, but is renewed annually. The policy coverages include: Buildings, Structures and Personal Property/Automobile Physical Damage, Comprehensive General Liability, Automobile Liability, Errors and Omissions Liability, Crime Insurance, Boiler and Machinery.

NOTE 10: LITIGATION, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The City is not currently involved in any litigation and is not aware of any pending or threatened litigation.

NOTE 11: PENSION PLAN

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. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

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

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

Member and Employer Contributions - Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) 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% of the employer rate. As of June 30, 2021 it was 7.16%. The employer contribution rate is set by the Retirement Board and was 11.94% of covered compensation. The City's contributions were \$12,057 for the year ended September 30, 2021.

CITY OF OAKLEY, IDAHO

Notes to Financial Statements
September 30, 2021

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

At year end, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the City's proportion was 0.0026051 percent.

For the year ended September 30, 2021, the City recognized pension expense (revenue) of (\$7,507). At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,196
Changes in assumptions or other inputs	26,649	-
Net difference between projected and actual earnings on pension plan investments	-	64,623
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City contributions subsequent to the measurement date	3,015	-
	<hr/>	<hr/>
Total	<u>\$ 29,664</u>	<u>\$ 65,819</u>

The \$3,015 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, 2021.

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, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period ended June 30, 2021.

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 <u>Sept 30</u>	
2022	9,214
2023	8,304
2024	7,257
2025	14,396
2026	-

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.

CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2021

The total pension liability in the June 30, 2021 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%

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%
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, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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 2021.

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30%	1.80%	-0.20%
Broad US Equities	55%	8.00%	6.00%
Developed Foreign Equities	15%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
			3.46%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2021

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 71,521	\$ (2,057)	\$ (62,372)

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

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

Payables to the pension plan - At year end the City reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 10, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF OAKLEY, IDAHO
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
For the Year Ended September 30, 2021

Schedule of Employer's Share of Net Pension Liability
 PERSI - Base Plan
 Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021
Employer's portion of the net pension liability	0.0038198%	0.0037348%	0.0035393%	0.0035393%	0.0032191%	0.0030555%	0.0026051%
Employer's proportionate share of the net pension liability	\$ 50,301	\$ 75,710	\$ 55,632	\$ 50,170	\$ 36,745	\$ 70,953	\$ (2,057)
Employer's covered-employee payroll	\$ 108,125	\$ 109,933	\$ 109,349	\$ 109,333	\$ 109,333	\$ 103,622	\$ 100,980
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	46.52%	68.87%	50.88%	45.89%	33.61%	68.47%	-2.04%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%

Data reported is measured as of June 30, 2021 (measurement date)

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

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

	2015	2016	2017	2018	2019	2020	2021
Statutorily required contribution	\$ 12,495	\$ 19,840	\$ 11,423	\$ 12,388	\$ 12,377	\$ 12,377	\$ 12,057
Contributions in relation to the statutorily required contribution	\$ 12,271	\$ 19,840	\$ 11,423	\$ 12,388	\$ 12,377	\$ 12,377	\$ 12,057
Contribution (deficiency) excess	\$ (224)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 108,125	\$ 109,933	\$ 109,349	\$ 109,333	\$ 109,333	\$ 103,622	\$ 100,980
Contributions as a percentage of covered-employee payroll	11.56%	18.05%	10.45%	11.33%	11.32%	11.94%	11.94%

Data reported is measured as of September 30, 2021

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

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

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

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

To the Mayor and City Council
City of Oakley, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Oakley, Idaho as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Oakley, Idaho's basic financial statements and have issued our report thereon dated February 10, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in 2021-001 of the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Oakley's Response to Findings

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

Purpose of this Report

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

Poulsen, VanLeuven, & Catmull

Poulsen, VanLeuven, & Catmull PA

February 10, 2022

CITY OF OAKLEY, IDAHO
Schedule of Findings and Responses
For the Year Ended September 30, 2021

Finding 2021-001: Lack of segregation of duties - Repeat Finding

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

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

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

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

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