

**CITY OF OAKLEY, IDAHO**

Basic Financial Statements

September 30, 2023



**CITY OF OAKLEY, IDAHO**  
**BASIC FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023  
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## **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

### **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 Oakley, Idaho as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oakley, Idaho, as of September 30, 2023, 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.

### **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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require 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 8, 2024 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 8, 2024

**CITY OF OAKLEY, IDAHO**

Statement of Net Position  
September 30, 2023

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash & Investments	\$ 668,463	\$ (36,680)	\$ 631,783
Receivables (Net of Allowances):			
Taxes	3,949	-	3,949
Accounts - Note 2	-	32,514	32,514
Accrued Interest	-	-	-
Grants	-	353,824	353,824
Due From Other Governments - Note 3	47,117	-	47,117
Due (To)/From Other Funds	-	-	-
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	437,457	1,168,377	1,605,834
Lease Receivable	47,549	-	47,549
Other Assets, Net of Amortization	-	-	-
<b>Total assets</b>	<b>1,216,535</b>	<b>1,526,035</b>	<b>2,742,570</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension obligations	2,983	36,448	39,431
<b>Total Deferred Outflows of Resources</b>	<b>2,983</b>	<b>36,448</b>	<b>39,431</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	10,875	249,784	260,659
Interest Payable	151	-	151
Long-Term Liabilities - Note 6:			
Due Within One Year	17,372	-	17,372
Due in More Than One Year	39,476	-	39,476
Net Pension Liability	7,577	92,575	100,152
<b>Total liabilities</b>	<b>75,451</b>	<b>342,359</b>	<b>417,810</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Employer pension assumption	76	932	1,008
Deferred Inflow - Lease	45,618	-	45,618
<b>Total Deferred Inflows of Resources</b>	<b>45,694</b>	<b>932</b>	<b>46,626</b>
<b>NET POSITION</b>			
Invested in Capital Assets, net of related debt	392,609	1,176,377	1,568,986
Restricted for:			
Grant Projects	-	-	-
Capital Facilities - Note 5	-	-	-
Unrestricted	705,764	42,815	748,579
<b>Total Net Position</b>	<b>\$ 1,098,373</b>	<b>\$ 1,219,192</b>	<b>\$ 2,317,565</b>

See accompanying notes to the financial statements.

CITY OF OAKLEY, IDAHO

Statement of Activities  
For the Year Ended September 30, 2023

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals
<b>Governmental Activities:</b>							
General Government	\$ 102,765	\$ 525	\$ -	\$ -	\$ (102,240)		\$ (102,240)
Public Safety	4,000	-	-	-	(4,000)		(4,000)
Parks	14,003	54,422	-	-	40,419		40,419
Streets	28,008	-	-	-	(28,008)		(28,008)
Interest	-	-	-	-	-		-
Total Governmental Activities	148,776	54,947	-	-	(93,829)		(93,829)
<b>Business-Type Activities:</b>							
Water	293,344	206,417	-	552,687		\$ 465,760	465,760
Sanitation	59,672	71,687	-	-		12,015	12,015
Total Business-Type Activities	353,016	278,104	-	552,687		477,775	477,775
Total Primary Government	\$ 501,792	\$ 333,051	\$ -	\$ 552,687	(93,829)	477,775	383,946
<b>General Revenues</b>							
Property Taxes					62,859	-	62,859
Highway Use Tax					55,139	-	55,139
State Liquor Tax					35,489	-	35,489
State Revenue Sharing					114,378	-	114,378
County Road Taxes					45,155	-	45,155
Grants not Restricted to Specific Programs					-	-	-
Investment Earnings					-	1,678	1,678
Miscellaneous					25,621	-	25,621
Gain on Sale of Capital Assets					-	-	-
Transfers					-	-	-
Total General Revenues and Transfers					338,641	1,678	340,319
Change in Net Position					244,812	479,453	724,265
Net Position Beginning of Year					853,561	739,739	1,593,300
Net Position End of Year					\$ 1,098,373	\$ 1,219,192	\$ 2,317,565

See accompanying notes to the financial statements.

# CITY OF OAKLEY, IDAHO

## Balance Sheet Governmental Funds September 30, 2023

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and temporary investments	\$ 668,463
Taxes receivable	3,949
Due from other governments	<u>47,117</u>
Total assets	<u>\$ 719,529</u>
<b>LIABILITIES AND FUND EQUITY</b>	
Liabilities	
Accounts payable	\$ 10,875
Accrued liabilities	<u>-</u>
Total liabilities	<u>10,875</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>3,949</u>
Total deferred inflows of resources	<u>3,949</u>
Fund Balances	
Fund balance (unassigned)	<u>704,705</u>
Total fund balances	<u>704,705</u>
Total liabilities and fund balances	<u>\$ 719,529</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, 2023

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Total Governmental Fund Balances	\$	704,705
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.		449,457
Lease income on long-term leases are treated as income in the governmental funds but are capitalized as lease receivable on the Statement of Net Position.		47,549
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds:		
Property Taxes		3,949
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Fund Debt		(56,848)
Accrued Interest Payable		(151)
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.		(7,577)
Balances at September 30, 2023:		
Deferred outflows of resources pension expense	37	
Deferred outflow of 2023 employer contributions	2,946	
		2,983
Deferred inflow - lease		(45,618)
Deferred inflows or resources related to pensions.		(76)
Net Position of Governmental Activities	\$	1,098,373

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, 2023

	<b>General Fund</b>
<b>Revenues:</b>	
Property taxes	\$ 61,291
State liquor tax	35,489
State revenue sharing	114,378
State highway apportionment	55,139
County road apportionment	45,155
Franchise fees	11,992
Licenses and permits	525
Parks income	54,422
Grant income	-
Rent Income	5,200
Miscellaneous income	8,055
	<b>391,646</b>
<b>Expenditures:</b>	
General government	
Salaries & retirement	10,838
Payroll expenses	1,357
Health & life insurance	18,789
Legal and accounting	5,339
Utilities	3,183
Supplies	19,627
Repairs and maintenance	13,988
Liability Insurance	7,825
Other capital outlay	18,838
Streets	
Salaries, temporary help & retirement	1,187
Utilities	8,294
Repairs and maintenance	10,366
Miscellaneous	8,161
Parks	
Supplies	10,891
Miscellaneous	3,112
Law enforcement	4,000
	<b>145,795</b>
Excess (deficiency) of revenues over expenditures	245,851
Fund balance - beginning	458,854
Fund balance - ending	\$ 704,705

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, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 245,851

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	(29,715)	
Excess of capital outlay over depreciation		(29,715)

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 governmental funds report lease payments as revenue, but the statement of net position capitalizes the lease receivable and Deferred inflow for leases.

Lease payments on long-term lease	(2,400)	
Interest income on lease receivable	967	
Amortization of Deferred inflow - lease	1,807	374

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.

1,568

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.

16,865

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

(151)

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

10,020

Change in Net Position of Governmental Activities \$ 244,812

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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
<b>Revenues:</b>				
Property taxes	\$ 56,000	\$ 56,000	\$ 61,291	\$ 5,291
State liquor tax	38,000	38,000	35,489	(2,511)
State revenue sharing	93,000	93,000	114,378	21,378
State highway apportionment	45,000	45,000	55,139	10,139
County road apportionment	24,000	24,000	45,155	21,155
Investment earnings	600	600	-	(600)
Franchise fees	8,500	8,500	11,992	3,492
Licenses and permits	700	700	525	(175)
Parks income	4,000	4,000	54,422	50,422
Grant income	-	-	-	-
Rent Income	6,000	6,000	5,200	(800)
Miscellaneous income	4,000	4,000	8,055	4,055
<b>Total revenues</b>	<b>279,800</b>	<b>279,800</b>	<b>391,646</b>	<b>111,846</b>
<b>Expenditures:</b>				
<b>General government</b>				
Salaries & retirement	12,500	12,500	10,838	1,662
Payroll expenses	2,000	2,000	1,357	643
Health & life insurance	37,800	37,800	18,789	19,011
Legal and accounting	6,000	6,000	5,339	661
Liability insurance	7,500	7,500	7,825	(325)
Utilities	4,000	4,000	3,183	817
Supplies	20,000	20,000	19,627	373
Office expenses	1,000	1,000	-	1,000
Miscellaneous	2,000	2,000	-	2,000
Repairs and maintenance	15,000	15,000	13,988	1,012
Other capital outlay	20,000	20,000	18,838	1,162
<b>Streets</b>				
Salaries, temporary help & retirement	45,000	45,000	1,187	43,813
Payroll expenses	4,000	4,000	-	4,000
Health & life insurance	-	-	-	-
Utilities	9,500	9,500	8,294	1,206
Repairs and maintenance	64,000	64,000	10,366	53,634
Miscellaneous	5,500	5,500	8,161	(2,661)
<b>Parks</b>				
Salaries, temporary help & retirement	-	-	-	-
Supplies	15,000	15,000	10,891	4,109
Miscellaneous	5,000	5,000	3,112	1,888
Law enforcement	4,000	4,000	4,000	-
<b>Total expenditures</b>	<b>279,800</b>	<b>279,800</b>	<b>145,795</b>	<b>134,005</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>245,851</b>	<b>245,851</b>
<b>Fund balance - beginning</b>	<b>458,854</b>	<b>458,854</b>	<b>458,854</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 458,854</b>	<b>\$ 458,854</b>	<b>\$ 704,705</b>	<b>\$ 245,851</b>

See accompanying notes to the financial statements.

**CITY OF OAKLEY, IDAHO**

Statement of Net Position  
Proprietary Funds  
September 30, 2023

	<b>Business-Type Activities</b>		<b>Totals</b>
	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sanitation</b>	
	<b>Fund</b>	<b>Fund</b>	
<b>ASSETS</b>			
Cash & Investments	\$ (71,623)	\$ 34,943	\$ (36,680)
Receivables (net of allowances):			
Accounts	23,362	9,152	32,514
Grants Receivable	353,824	-	353,824
Capital Assets:			
Land	8,000	-	8,000
Other Capital Assets, net of depreciation	1,168,377	-	1,168,377
Other Assets, Net of Amortization	-	-	-
<b>Total assets</b>	<b>1,481,940</b>	<b>44,095</b>	<b>1,526,035</b>
<b>DEFERED OUTFLOWS OF RESOURCES</b>			
Pension Obligations	36,448	-	36,448
<b>Total deferred inflows of resources</b>	<b>36,448</b>	<b>-</b>	<b>36,448</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Expenses	249,784	-	249,784
Long-Term Liabilities:			
Net Pension Liability	92,575	-	92,575
<b>Total liabilities</b>	<b>342,359</b>	<b>-</b>	<b>342,359</b>
<b>DEFERED INFLOWS OF RESOURCES</b>			
Employer Pension Assumption	932	-	932
<b>Total deferred inflows of resources</b>	<b>932</b>	<b>-</b>	<b>932</b>
<b>NET POSITION</b>			
Invested in Capital Assets, net of related debt	1,176,377	-	1,176,377
Restricted for:			
Capital Facilities	-	-	-
Unrestricted	(1,280)	44,095	42,815
<b>Total Net Position</b>	<b>\$ 1,175,097</b>	<b>\$ 44,095</b>	<b>\$ 1,219,192</b>

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, 2023

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sanitation</b>	<b>Totals</b>
Operating revenues:			
Charges for service	\$ 206,402	\$ 71,687	\$ 278,089
Miscellaneous	15	-	15
Total revenues	206,417	71,687	278,104
Operating expenses:			
Salaries & retirement	142,771	(2,842)	139,929
Health & life insurance	34,233	-	34,233
Payroll expenses	11,022	-	11,022
Professional fees	5,867	2,867	8,734
Office expenses	10,771	833	11,604
Power for pumps	20,955	-	20,955
Garbage contract	-	58,228	58,228
Operating & maint supplies	9,116	-	9,116
Repair & maint	972	-	972
Vehicle fuel	5,039	-	5,039
Miscellaneous	13,022	96	13,118
Utilities	9,202	490	9,692
Water testing	4,944	-	4,944
Depreciation	25,430	-	25,430
Total operating expenses	293,344	59,672	353,016
Operating income (loss)	(86,927)	12,015	(74,912)
Non-operating revenues (expenses)			
Interest income	1,678	-	1,678
Grant revenue	552,687	-	552,687
Total non-operating revenues (expenses)	554,365	-	554,365
Income/(Loss) before contributions and Transfers	467,438	12,015	479,453
Capital Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	467,438	12,015	479,453
Net Position Beginning of Year	707,659	32,080	739,739
Net Position End of Year	\$ 1,175,097	\$ 44,095	\$ 1,219,192

See accompanying notes to the financial statements.

# CITY OF OAKLEY, IDAHO

## Statement of Cash Flows Proprietary Funds For the Year Ended September 30, 2023

	<b>Business-Type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Water</b>	<b>Sanitation</b>	<b>Totals</b>
Cash flows provided by operating activities:			
Receipts from customers and users	\$ 211,166	\$ 70,405	\$ 281,571
Payments to suppliers	(114,121)	(59,672)	(173,793)
Payments to employees	(153,793)	-	(153,793)
Other receipts/(payments)	-	-	-
Net cash provided (used) by operating activities	<u>(56,748)</u>	<u>10,733</u>	<u>(46,015)</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	198,863	-	198,863
(Acquisition)/disposal of capital assets	(459,059)	-	(459,059)
Non-cash effect of net pension liability	26,745	(2,842)	23,903
Net cash used by capital and related financing activities	<u>(233,451)</u>	<u>(2,842)</u>	<u>(236,293)</u>
Cash flows from investing activities:			
Interest received on Investments	1,678	-	1,678
Net cash provided by investing activities	<u>1,678</u>	<u>-</u>	<u>1,678</u>
Net increase (decrease) in cash	(288,521)	7,891	(280,630)
Cash at beginning of year	216,898	27,052	243,950
Cash at end of year	<u>\$ (71,623)</u>	<u>\$ 34,943</u>	<u>\$ (36,680)</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (86,927)	\$ 12,015	\$ (74,912)
Depreciation	25,430	-	25,430
(Increase) decrease in accounts receivable	4,749	(1,282)	3,467
Increase (decrease) in accounts payable	-	-	-
Net cash provided (used) by operating activities	<u>\$ (56,748)</u>	<u>\$ 10,733</u>	<u>\$ (46,015)</u>

See accompanying notes to the financial statements.

# CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2023

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## 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, 2023

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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 \$381,783 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, 2023

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### 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, 2023

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 \$5,738) is as follows:

	Water	Sanitation	Totals
Current	\$ 17,730	\$ 6,419	\$ 24,149
Past Due	5,632	2,733	8,365
Total	<u>\$ 23,362</u>	<u>\$ 9,152</u>	<u>\$ 32,514</u>

**NOTE 3: DUE FROM OTHER GOVERNMENTS**

The amount due from other governments consisted of the following:

State liquor apportionment	\$ 7,360
State highway use tax receivable	15,527
State revenue sharing	<u>24,230</u>
Total	<u>\$ 47,117</u>

## CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2023

**NOTE 4: CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
<b>Governmental Activities</b>				
Non-depreciable				
Land	\$ 12,000	\$ -	\$ -	\$ 12,000
Buildings	279,850	-	-	279,850
Improvements other than buildings	207,590	-	-	207,590
Equipment	128,231	-	-	128,231
Total	627,671	-	-	627,671
<b>Accumulated Depreciation:</b>				
Buildings	70,127	12,912	-	83,039
Improvements other than buildings	44,067	5,922	-	49,989
Equipment	34,305	10,881	-	45,186
Total	148,499	29,715	-	178,214
<b>Net Book Value:</b>				
Non-depreciable				
Land	12,000	-	-	12,000
Buildings	209,723	(12,912)	-	196,811
Improvements other than buildings	163,523	(5,922)	-	157,601
Equipment	93,926	(10,881)	-	83,045
Total	\$ 479,172	\$ (29,715)	\$ -	\$ 449,457
<b>Business-type Activities</b>				
<b>Water Fund</b>				
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
Construction in Process	85,717	708,843	-	794,560
Total	1,338,622	708,843	-	2,047,465
<b>Accumulated Depreciation:</b>				
Buildings	26,002	1,486	-	27,488
Improvements other than buildings	745,996	23,219	-	769,215
Equipment	73,660	725	-	74,385
Total	845,658	25,430	-	871,088
<b>Net Book Value:</b>				
Land (non-depreciable)	8,000	-	-	8,000
Buildings	25,998	(1,486)	-	24,512
Improvements other than buildings	369,625	(23,219)	-	346,406
Equipment	3,624	(725)	-	2,899
Construction in Process	85,717	708,843	-	794,560
Total	\$ 492,964	\$ 683,413	\$ -	\$ 1,176,377

Continued on next page...

**CITY OF OAKLEY, IDAHO**

Notes to Financial Statements  
September 30, 2023

	Balance 9/30/2022	Additions	Deletions	Balance 9/30/2023
<b>Sanitation Fund</b>				
Land (non-depreciable)	\$ -	\$ -	\$ -	\$ -
Equipment	997	-	-	997
Total	997	-	-	997
<b>Accumulated Depreciation:</b>				
Equipment	997	-	-	997
Total	997	-	-	997
<b>Net Book Value:</b>				
Land (non-depreciable)	-	-	-	-
Equipment	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

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	1,485
Streets	14,319
Total Governmental Activities Depreciation	<u>\$ 29,715</u>

**NOTE 5: RESTRICTED CASH**

The City has no restricted cash at year end, but had \$460 of cash committed for Christmas lights.

**NOTE 6: LONG-TERM DEBT**

The City is obligated under a five year equipment loan as of September 30, 2023.

A summary of changes in long-term debt is as follows:

	Balance at 9/30/2022	Additions	Reductions	Balance at 9/30/2023
Equipment loan General Fund	\$ 73,713	\$ -	\$ (16,865)	\$ 56,848
	<u>\$ 73,713</u>	<u>\$ -</u>	<u>\$ (16,865)</u>	<u>\$ 56,848</u>

The contract is based on an annual interest rate of 2.991%. The minimum payments are summarized as follows:

Fiscal Year Due	Principal	Interest	Amount
2024	17,372	1,466	18,838
2025	17,903	935	18,838
2026	18,445	390	18,835
2027	3,128	12	3,140
2028	-	-	-
Total	<u>56,848</u>	<u>2,803</u>	<u>59,651</u>

Depreciation expense is calculated in lieu of amortization expense.

## CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2023

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### **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: LEASES**

The City has adopted GASB Statement No. 87, Leases. The City's outstanding lease agreements include its lease of a portion of the City Hall building to the Oakley Valley Senior Citizens. The lease calls for a base monthly payment of \$200 for a term of 600 months which began on January 2019. The lease may be extended yearly after the initial lease period.

### **NOTE 9: 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 10: 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.

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 11: 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 12: 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](http://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.

## CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2023

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, 2023 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 \$13,404 for the year ended September 30, 2023.

*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, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the City's proportion was 0.0025097 percent.

For the year ended September 30, 2023, the City recognized pension expense (revenue) of \$14,034. At September 30, 2023, 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	\$ -	\$ 7,357
Changes in assumptions or other inputs	36,395	-
Net difference between projected and actual earnings on pension plan investments	-	-
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	2,946	-
	\$ 39,341	\$ 7,357
<b>Total</b>	<b>\$ 39,341</b>	<b>\$ 7,357</b>

The \$2,946 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 ended June 30, 2023.

## CITY OF OAKLEY, IDAHO

Notes to Financial Statements

September 30, 2023

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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 Sept 30	
2024	12,975
2025	6,097
2026	18,967
2027	(1,555)
2028	-

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 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, 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 OAKLEY, IDAHO**

Notes to Financial Statements

September 30, 2023

**2023**

**Asset Class**

Fixed Income	30%
US/Global Equity	55%
International Equity	15%
Cash	0%
Total	<u>100%</u>

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 (6.35 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)	\$ 180,128	\$ 100,152	\$ 34,787

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](http://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 13: SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 8, 2024, 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, 2023**

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's portion of the net pension liability	0.0038198%	0.0037348%	0.0035393%	0.0035393%	0.0032191%	0.0030555%	0.0026051%	0.0025607%	0.0025097%
Employer's proportionate share of the net pension liability	\$ 50,301	\$ 75,710	\$ 55,632	\$ 50,170	\$ 36,745	\$ 70,953	\$ (2,057)	\$ 100,860	\$ 100,152
Employer's covered-employee payroll	\$ 108,125	\$ 109,933	\$ 109,349	\$ 109,333	\$ 109,333	\$ 103,622	\$ 100,980	\$ 103,580	\$ 112,260
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%	97.37%	89.21%
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%	83.09%	83.83%

Data reported is measured as of June 30, 2023 (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	2022	2023
Statutorily required contribution	\$ 12,495	\$ 19,840	\$ 11,423	\$ 12,388	\$ 12,377	\$ 12,377	\$ 12,057	\$ 12,367	\$ 13,404
Contributions in relation to the statutorily required contribution	\$ 12,271	\$ 19,840	\$ 11,423	\$ 12,388	\$ 12,377	\$ 12,377	\$ 12,057	\$ 12,367	\$ 13,404
Contribution (deficiency) excess	\$ (224)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 108,125	\$ 109,933	\$ 109,349	\$ 109,333	\$ 109,333	\$ 103,622	\$ 100,980	\$ 103,580	\$ 112,260
Contributions as a percentage of covered-employee payroll	11.56%	18.05%	10.45%	11.33%	11.32%	11.94%	11.94%	11.94%	11.94%

Data reported is measured as of September 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, 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, 2023, 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 8, 2024.

### ***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 2023-001 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.

***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 8, 2024

**CITY OF OAKLEY, IDAHO**  
Schedule of Findings and Responses  
For the Year Ended September 30, 2023

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**Finding 2023-001: 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.

# *Poulsen VanLeuven & Catmull PA*

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To the Mayor and City Council  
City of Oakley, ID

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oakley for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 4, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Oakley are described in Note 1 to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The only estimate affecting the financial statements was the estimated useful lives of property and equipment.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 8, 2024.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to City of Oakley’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We noted one finding that is described in page 29 of the audited financial statements in the Schedule of Findings and Responses. This finding relates to the City’s lack of segregation of accounting duties. This was not determined to be a material weakness, as defined on page 27 of the audited financial statements.

### Other Matters

We applied certain limited procedures to the schedules of employer’s share of net pension liability and of employer contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

This information is intended solely for the use of the Mayor, City Council, and management of the City of Oakley and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Poulsen, VanLeuven, & Catmull*

Poulsen VanLeuven & Catmull PA

February 8, 2024



CITY OF OAKLEY  
September 30, 2023  
Proposed Adjusting Entries

REVIEWED

	DR	CR	
1 ACCOUNTS RECEIVABLE (WATER)	0.00	4,749.00	
ACCOUNTS RECEIVABLE (SANITATION)	1,282.00	0.00	
WATER INCOME - WATER	4,749.00	0.00	
GARBAGE COLLECTION REVENUE - SANITATION	0.00	1,282.00	
GARBAGE CONTRACTOR (GENERAL)		4,269.70	
GARBAGE CONTRACTOR (SANITATION)	4,269.70		
<b>Adjust A/R to end of year actual</b>			
2 DUE FROM OTHER GOVERNMENTS	32,436.00		
LIQUOR APPORTIONMENT (GENERAL)		881.00	
STATE HIGHWAY USERS REVENUE (GENERAL)		7,325.00	
STATE REVENUE SHARING (GENERAL)		24,230.00	
<b>Adjust Due From to end of year actual</b>			
3 TAXES RECEIVABLE	1,549.13		
PROPERTY TAX REVENUE (GENERAL)	18.90		
DEFERRED REV		1,568.03	
<b>Adjust Prop Tax Rec to end of year actual</b>			
4 DEPRECIATION EXPENSE (WATER)	25,429.00		
ACCUM DEPR - BUILDINGS (WATER)		1,486.00	
ACCUM DEPR - EQUIPMENT (WATER)		725.00	
ACCUM DEPR - IMPROVEMENTS (WATER)		23,218.00	
<b>Record current year depreciation expense</b>			
5 Payroll Liabilities	6,553.37		
PERSI Expense-General		5,302.02	
PERSI Expense-Water		1,251.35	
PERSI Expense-Sanitation			
Employee Supplemental Insurance-General		0.00	
Employee Supplemental Insurance-Sanitation		0.00	
<b>To true up payroll liability account</b>			
6 Improvements other than bldgs	708,843.20		
Grant Project (Water)		13,200.00	
Capitla Facilities Fund (Water)		44,425.00	
ICDBG Water Project Expenses		651,218.20	
<b>Capitalize new well costs accrued</b>			
7 Interest Expense (General)	1,973.38		
Capital Expense (General)	16,864.82		
Equipment Lease General			
Equipment Lease Street General		9,419.16	
Equipment Lease Water		9,419.04	
8 CDBG Grant Funds (General)	19,300.00		
CDBG Grant Funds (Water)		19,300.00	
<b>Reclass grant income to water fund</b>			
	823,268.50	823,268.50	
	DIFF	0.00	

	9/30/2022	
Accounts Receivable	34,166.01	
Garbage Collection (Sanitation)	820.00	
Liquor Apportionment (General)	608.00	
Property Tax Revenue (General)		43.15
State Highway Users (General)	180.00	
State Revenue Sharing (General)		10,553.00
Water Income (Water)		3,837.00
Building Maintenance (Water)		
PERSI (General)		2,793.30
PERSI (Water)	9,998.44	
Depreciation (Water)		28,347.00
Depreciation (Sanitation)		199.00
<i>reverse 2021 true up</i>		
	45,772.45	45,772.45

	9/30/2021	
Accounts Receivable		34,166.01
Garbage Collection (Sanitation)		820.00
Liquor Apportionment (General)		608.00
Property Tax Revenue (General)	43.15	
State Highway Users (General)		180.00
State Revenue Sharing (General)	10,553.00	
Water Income (Water)	3,837.00	
Building Maintenance (Water)		
PERSI (General)	2,793.30	
PERSI (Water)		9,998.44
Depreciation (Water)	28,347.00	
Depreciation (Sanitation)	199.00	
<i>true up 2021</i>		