

**CITY OF MARSING, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2021

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## **Independent Auditor's Report**

Honorable Mayor  
and City Council  
Marsing, Idaho

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marsing (the City), 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.

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 Marsing, Idaho as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the City's proportionate share of the Net Pension Liability, and schedule of City contributions on pages 33 through 37 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.

The City has not presented management's discussion and analysis that governmental 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marsing, Idaho's basic financial statements. The supplemental schedules or revenue by source and expenditure by object are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules or revenue by source and expenditure by object are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplemental schedules or revenue by source and expenditure by object are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2022, on our consideration of the City of Marsing, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Marsing, Idaho's internal control over financial reporting and compliance.

***Zwygart John & Associates, CPAs PLLC***

Nampa, Idaho  
June 1, 2022

**City of Marsing, Idaho**  
Statement of Net Position  
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 110,437	\$ 1,786,175	\$ 1,896,612
Internal Balance	-	-	-
Receivables, Net			
Accounts	-	75,842	75,842
Property Taxes	15,924	-	15,924
Prepaid Items	6,692	8,184	14,876
Due From Other Governments	33,708	-	33,708
Total Current Assets	<u>166,761</u>	<u>1,870,201</u>	<u>2,036,962</u>
Noncurrent Assets:			
Restricted Cash	-	180,960	180,960
Net Pension Asset	3,289	2,692	5,981
Land	102,941	119,000	221,941
Buildings, Net	354,387	166	354,553
Equipment, Net	5,876	26,806	32,682
Improvements, Net	686,164	2,953,744	3,639,908
Total Noncurrent Assets	<u>1,152,657</u>	<u>3,283,368</u>	<u>4,436,025</u>
Total Assets	<u>1,319,418</u>	<u>5,153,569</u>	<u>6,472,987</u>
<b>Deferred Outflows</b>			
Pension Related Items	47,443	38,816	86,259
Total Deferred Outflows	<u>47,443</u>	<u>38,816</u>	<u>86,259</u>
<b>Liabilities</b>			
Accounts Payable and Other Current Liabilities	18,355	60,459	78,814
Deposits From Others	-	3,000	3,000
Accrued Interest	-	12,181	12,181
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences	4,914	5,095	10,009
Loans Payable	-	120,893	120,893
Due in More than One Year:			
Loans Payable	-	1,363,668	1,363,668
Total Liabilities	<u>23,269</u>	<u>1,565,296</u>	<u>1,588,565</u>
<b>Deferred Inflows</b>			
Pension Related Items	105,224	86,093	191,317
Total Deferred Inflows	<u>105,224</u>	<u>86,093</u>	<u>191,317</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	1,149,368	1,615,155	2,764,523
Restricted	-	180,960	180,960
Unrestricted (Deficit) Surplus	89,000	1,744,881	1,833,881
Total Net Position	<u>\$ 1,238,368</u>	<u>\$ 3,540,996</u>	<u>\$ 4,779,364</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Marsing, Idaho**  
Statement of Activities  
For the Year Ended September 30, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Administration	448,254	\$ 123,484	\$ 141,748	\$ -	\$ (183,022)	\$ -	\$ (183,022)
Roads and Streets	136,571	-	-	-	(136,571)	-	(136,571)
Other Governmental Activities	79,582	-	-	-	(79,582)	-	(79,582)
<b>Total Governmental Activities</b>	<u>664,407</u>	<u>123,484</u>	<u>141,748</u>	<u>-</u>	<u>(399,175)</u>	<u>-</u>	<u>(399,175)</u>
Business-Type Activities:							
Water	362,737	485,272	-	-	-	122,535	122,535
Sewer	437,072	306,064	-	-	-	(131,008)	(131,008)
Irrigation	36,873	43,883	-	-	-	7,010	7,010
Sanitation	124,575	113,553	-	-	-	(11,022)	(11,022)
<b>Total Business-Type Activities</b>	<u>961,257</u>	<u>948,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,485)</u>	<u>(12,485)</u>
<b>Total Primary Government</b>	<u>\$ 1,625,664</u>	<u>\$ 1,072,256</u>	<u>\$ 141,748</u>	<u>\$ -</u>	<u>(399,175)</u>	<u>(12,485)</u>	<u>(411,660)</u>
General Revenues:							
Property Taxes					200,371	-	200,371
State Sources					279,191	-	279,191
Disposal of Capital Assets					112,603	-	112,603
Other					11,757	-	11,757
Unrestricted Investment Earnings					1,316	3,472	4,788
<b>Total General Revenues and Special Items</b>					<u>605,238</u>	<u>3,472</u>	<u>608,710</u>
Change in Net Position					206,063	(9,013)	197,050
Net Position, Beginning of Year					<u>1,032,305</u>	<u>3,550,009</u>	<u>4,582,314</u>
Net Position, End of Year					<u>\$ 1,238,368</u>	<u>\$ 3,540,996</u>	<u>\$ 4,779,364</u>

The accompanying notes are an integral part of the financial statements.



**City of Marsing, Idaho**  
 Balance Sheet -  
 Governmental Funds  
 September 30, 2021

	General	Roads and Streets	Parks	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 110,437	\$ -	\$ -	\$ 110,437
Property Taxes Receivable, Net	11,147	3,185	1,592	15,924
Prepaid Items	5,961	731	-	6,692
Internal Balances	284,858	-	-	284,858
Due From Other Governments	33,708	-	-	33,708
<b>Total Assets</b>	<u>\$ 446,111</u>	<u>\$ 3,916</u>	<u>\$ 1,592</u>	<u>\$ 451,619</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable and Other Current Liabilities	\$ 15,985	\$ 1,063	\$ 1,307	\$ 18,355
Internal Balances	-	241,014	43,844	284,858
<b>Total Liabilities</b>	<u>15,985</u>	<u>242,077</u>	<u>45,151</u>	<u>303,213</u>
<b>Deferred Inflows</b>				
Unearned Revenue - Property Taxes	9,678	2,765	1,383	13,826
<b>Total Deferred Inflows</b>	<u>9,678</u>	<u>2,765</u>	<u>1,383</u>	<u>13,826</u>
Fund Balances:				
Nonspendable	5,961	731	-	6,692
Unassigned	414,487	(241,657)	(44,942)	127,888
<b>Total Fund Balances</b>	<u>420,448</u>	<u>(240,926)</u>	<u>(44,942)</u>	<u>134,580</u>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<u>\$ 446,111</u>	<u>\$ 3,916</u>	<u>\$ 1,592</u>	<u>\$ 451,619</u>

The accompanying notes are an integral  
 part of the financial statements.

**City of Marsing, Idaho**  
 Reconciliation of the Balance Sheet of the  
 Governmental Funds to the Statement of Net Position  
 September 30, 2021

Total Fund Balances - Governmental Funds \$ 134,580

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:

Land and Construction in Progress	\$ 102,941	
Buildings, Net of \$145,392 Accumulated Depreciation	354,387	
Improvements, Net of \$63,621 Accumulated Depreciation	5,876	
Equipment, Net of \$348,330 Accumulated Depreciation	686,164	1,149,368

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds. 13,826

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ 3,289	
Pension Related Deferred Inflows	(105,224)	
Pension Related Deferred Outflows	47,443	(54,492)

Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position

Compensated Absences		(4,914)
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Net Position of Governmental Activities		\$ 1,238,368
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The accompanying notes are an integral  
 part of the financial statements.

**City of Marsing, Idaho**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2021

	General	Roads and Streets	Parks	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 96,544	\$ 29,805	\$ 72,917	\$ 199,266
Licenses and Permits	59,984	-	-	59,984
Rents	63,500	-	-	63,500
Intergovernmental	173,393	97,454	8,344	279,191
Grants	141,748	-	-	141,748
Interest	750	552	14	1,316
Other	19,277	-	-	19,277
Total Revenues	<u>555,196</u>	<u>127,811</u>	<u>81,275</u>	<u>764,282</u>
<b>Expenditures</b>				
Current:				
Personnel Services	129,366	58,434	52,860	240,660
Supplies and Other Charges	193,692	42,820	26,318	262,830
Capital Outlay	25,692	41,642	621	67,955
Total Expenditures	<u>348,750</u>	<u>142,896</u>	<u>79,799</u>	<u>571,445</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>206,446</u>	<u>(15,085)</u>	<u>1,476</u>	<u>192,837</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Assets	124,442	-	-	124,442
Total Other Financing Sources (Uses)	<u>124,442</u>	<u>-</u>	<u>-</u>	<u>124,442</u>
Net Change in Fund Balances	330,888	(15,085)	1,476	317,279
Fund Balances - Beginning	89,560	(225,841)	(46,418)	355,306
Fund Balances - Ending	<u>\$ 420,448</u>	<u>\$ (240,926)</u>	<u>\$ (44,942)</u>	<u>\$ 672,585</u>

The accompanying notes are an integral  
part of the financial statements.

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

Total Net Change in Fund Balance - Governmental Funds \$ 317,279

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense and any remaining balance is deducted when disposed. In the current period these amounts are:

Disposal of Capital Assets	(19,359)
Depreciation Expense	(104,608)

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 and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.	1,105
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The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.	11,211
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in Compensated Absences	435
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Change in Net Position of Governmental Activities	\$ 206,063
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The accompanying notes are an integral  
 part of the financial statements.

**City of Marsing, Idaho**  
Statement of Net Position -  
Proprietary Funds  
September 30, 2021

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Irrigation	Sanitation	Total
<b>Assets</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 1,171,892	\$ 602,623	\$ 11,660	\$ -	\$ 1,786,175
Receivables, Net	40,043	25,258	3,433	7,108	75,842
Prepaid Items	3,274	3,274	818	818	8,184
Internal Balances	28,208	-	-	-	28,208
Total Current Assets	<u>1,243,417</u>	<u>631,155</u>	<u>15,911</u>	<u>7,926</u>	<u>1,898,409</u>
Noncurrent Assets:					
Restricted Cash	102,850	78,110	-	-	180,960
Net Pension Asset	1,794	898	-	-	2,692
Capital Assets:					
Land	55,000	64,000	-	-	119,000
Buildings, Net	83	83	-	-	166
Equipment, Net	11,454	13,146	2,206	-	26,806
Improvements, Net	2,589,119	363,556	1,069	-	2,953,744
Total Noncurrent Assets	<u>2,760,300</u>	<u>519,793</u>	<u>3,275</u>	<u>-</u>	<u>3,283,368</u>
Total Assets	<u>4,003,717</u>	<u>1,150,948</u>	<u>19,186</u>	<u>7,926</u>	<u>5,181,777</u>
<b>Deferred Outflows</b>					
Pension Related Items	25,879	12,937	-	-	38,816
Total Deferred Outflows	<u>25,879</u>	<u>12,937</u>	<u>-</u>	<u>-</u>	<u>38,816</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts Payable and Other Current Liabilities	1,758	58,394	307	-	60,459
Internal Balances	-	-	-	28,208	28,208
Compensated Absences	3,349	1,746	-	-	5,095
Accrued Interest	9,699	2,482	-	-	12,181
Deposits From Others	3,000	-	-	-	3,000
Current Portion Notes Payable	79,560	41,333	-	-	120,893
Total Current Liabilities	<u>97,366</u>	<u>103,955</u>	<u>307</u>	<u>28,208</u>	<u>229,836</u>
Noncurrent Liabilities:					
Notes Payable Less Current Portion	1,228,867	134,801	-	-	1,363,668
Net Pension Liability	-	-	-	-	-
Total Liabilities	<u>1,228,867</u>	<u>134,801</u>	<u>-</u>	<u>-</u>	<u>1,363,668</u>
<b>Deferred Inflows</b>					
Pension Related Items	57,396	28,697	-	-	86,093
Total Deferred Inflows	<u>57,396</u>	<u>28,697</u>	<u>-</u>	<u>-</u>	<u>86,093</u>
<b>Net Position</b>					
Invested in Capital Assets, Net of Related Debt	1,347,229	264,651	3,275	-	1,615,155
Restricted for Debt Service	102,850	78,110	-	-	180,960
Unrestricted	1,195,888	553,671	15,604	(20,282)	1,744,881
Total Net Position	<u>\$ 2,645,967</u>	<u>\$ 896,432</u>	<u>\$ 18,879</u>	<u>\$ (20,282)</u>	<u>\$ 3,540,996</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Marsing, Idaho**  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds  
For the Year Ended September 30, 2021

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Irrigation	Sanitation	Total
<b>Operating Revenues</b>					
Charges for Services	\$ 483,614	\$ 305,684	\$ 41,300	\$ 113,553	\$ 944,151
Hookups	182	-	-	-	182
Other Revenue	1,476	380	2,583	-	4,439
<b>Total Operating Revenues</b>	<u>485,272</u>	<u>306,064</u>	<u>43,883</u>	<u>113,553</u>	<u>948,772</u>
<b>Operating Expenses</b>					
Personnel Services	65,041	34,336	11,006	2,756	113,139
Personnel Benefits	31,411	10,261	(6,091)	555	36,136
Legal and Professional	2,718	30,123	-	-	32,841
Purchased Services	3,223	23,930	2,122	121,264	150,539
Operating Supplies	21,740	42,849	5,992	-	70,581
Utilities	12,733	14,444	17,794	-	44,971
Insurance	3,236	3,236	3,237	-	9,709
Other Services and Charges	1,572	161	14	-	1,747
Purchased Repairs	5,425	12,817	-	-	18,242
Travel and Meetings	675	60	-	-	735
Capital Outlay	81,928	231,096	1,706	-	314,730
Depreciation	100,799	25,147	1,093	-	127,039
<b>Total Operating Expenses</b>	<u>330,501</u>	<u>428,460</u>	<u>36,873</u>	<u>124,575</u>	<u>920,409</u>
<b>Operating Income (Loss)</b>	<u>154,771</u>	<u>(122,396)</u>	<u>7,010</u>	<u>(11,022)</u>	<u>28,363</u>
<b>Nonoperating Revenues (Expenses)</b>					
Interest Expense	(32,236)	(8,612)	-	-	(40,848)
Investment Earnings	2,235	1,223	1	13	3,472
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(30,001)</u>	<u>(7,389)</u>	<u>1</u>	<u>13</u>	<u>(37,376)</u>
<b>Change in Net Position</b>	124,770	(129,785)	7,011	(11,009)	(9,013)
<b>Net Position - Beginning</b>	2,521,197	1,026,217	11,868	(9,273)	3,550,009
<b>Net Position - Ending</b>	<u>\$ 2,645,967</u>	<u>\$ 896,432</u>	<u>\$ 18,879</u>	<u>\$ (20,282)</u>	<u>\$ 3,540,996</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Marsing, Idaho**  
Statement of Cash Flows -  
Proprietary Funds  
For the Year Ended September 30, 2021

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Irrigation	Sanitation	Total
<b>Cash Flows From Operating Activities</b>					
Cash Receipts from Customers	\$ 490,171	\$ 308,598	\$ 43,831	\$ 114,784	\$ 957,384
Payments to Employees for Services	(109,929)	(51,442)	(16,098)	(3,311)	(180,780)
Payments to Suppliers for Goods or Services	(134,130)	(302,789)	(29,894)	(128,428)	(595,241)
Net Cash Provided (Used) by Operating Activities	<u>246,112</u>	<u>(45,633)</u>	<u>(2,161)</u>	<u>(16,955)</u>	<u>181,363</u>
<b>Cash Flows From Noncapital Financing Activities</b>					
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Principal Paid on Capital Debt	(43,695)	(39,649)	-	-	(83,344)
Interest Paid on Capital Debt	(73,427)	(9,170)	-	-	(82,597)
Net Cash Provided (Used) From Capital and Related Financing Activities	<u>(117,122)</u>	<u>(48,819)</u>	<u>-</u>	<u>-</u>	<u>(165,941)</u>
<b>Cash Flows From Investing Activities</b>					
Interest and Dividends	<u>2,235</u>	<u>1,223</u>	<u>1</u>	<u>13</u>	<u>3,472</u>
Net Increase (Decrease) in Cash and Cash Equivalents	131,225	(93,229)	(2,160)	(16,942)	18,894
<b>Cash and Cash Equivalents - Beginning</b>	<u>1,171,725</u>	<u>773,962</u>	<u>13,819</u>	<u>(11,267)</u>	<u>1,948,239</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,302,950</u>	<u>\$ 680,733</u>	<u>\$ 11,659</u>	<u>\$ (28,209)</u>	<u>\$ 1,967,133</u>
<b>Displayed As:</b>					
Cash and Cash Equivalents	\$ 1,171,892	\$ 602,623	\$ 11,659	\$ -	\$ 1,786,173
Internal Balances	28,208	-	-	(28,209)	-
Restricted Cash	<u>102,850</u>	<u>78,110</u>	<u>-</u>	<u>-</u>	<u>180,960</u>
	<u>\$ 1,302,950</u>	<u>\$ 680,733</u>	<u>\$ 11,659</u>	<u>\$ (28,209)</u>	<u>\$ 1,967,133</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Marsing, Idaho**  
Statement of Cash Flows -  
Proprietary Funds (continued)  
For the Year Ended September 30, 2021

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Irrigation	Sanitation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 154,771	\$ (122,396)	\$ 7,010	\$ (11,022)	\$ 28,363
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	100,799	25,147	1,093	-	127,039
(Increase) Decrease in Accounts Receivable	3,280	2,534	(52)	1,231	6,993
(Increase) Decrease in Prepaid Expenses	(497)	(497)	1,959	1,228	2,193
(Increase) Decrease in Deferred Outflows	(11,806)	(5,903)	3,753	-	(13,956)
Increase (Decrease) in Accounts Payable	(383)	56,424	(988)	(8,392)	46,661
Increase (Decrease) in Compensated Absences	(1,262)	(737)	-	-	(1,999)
Increase (Decrease) in Customer Deposits	1,619	-	-	-	1,619
Increase (Decrease) in Net Pension Liability	(56,033)	(28,017)	(14,464)	-	(98,514)
Increase (Decrease) in Deferred Inflows	55,624	27,812	(472)	-	82,964
Net Cash Provided by Operating Activities	<u>\$ 246,112</u>	<u>\$ (45,633)</u>	<u>\$ (2,161)</u>	<u>\$ (16,955)</u>	<u>\$ 181,363</u>

The accompanying notes are an integral  
part of the financial statements.



**City of Marsing, Idaho**  
Statement of Fiduciary Net Position  
For the Year Ended September 30, 2021

	<u>Fireworks</u>
<b>Assets</b>	
Cash and Investments	\$ 4,208
Total Assets	<u>4,208</u>
<b>Liabilities</b>	
Total Liabilities	<u>-</u>
<b>Net Position</b>	
Restricted for:	
Individuals, Organization	4,208
Total Net Position	<u>\$ 4,208</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Marsing, Idaho**  
Statement of Changes in Fiduciary Net Position  
For the Year Ended September 30, 2021

	Fireworks
<b>Additions:</b>	
Income	\$ 6,980
Total Additions	6,980
 <b>Deductions</b>	
Supplies and Charges	4,958
Total Deductions	4,958
Change in Net Position	2,022
Net Position - Beginning	2,186
Net Position - Ending	\$ 4,208

The accompanying notes are an integral  
part of the financial statements.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Marsing, Idaho (the City), which has responsibility and control over all activities related to public safety; planning and zoning; roads, streets, and parks; and water and sewer services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each identifiable activity of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category — *governmental and proprietary* — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Planning and Zoning activities within the City limits are accounted for in a separate fund in the City's accounting system. However, for financial statement reporting purposes, this fund is reported as part of the General fund as there have been no third-party restrictions placed on the accumulated resources.
- *Roads and Streets fund.* This fund accounts for the activities related to the City's roads and streets.
- *Parks fund.* This fund accounts for the activities related to the City's parks.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the City of Marsing, Idaho and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City has the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the operations and collections of the City's sewer system.
- *Irrigation fund.* This fund accounts for the operations and collections of the City's irrigation system.
- *Sanitation fund.* This fund accounts for the operations and collections of the City's sanitation services.

The City has the following fiduciary fund:

*Fireworks fund.* This fund accounts for the activities with regards to the city fireworks. All revenue is from local organization's and is used only for fireworks.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The government-wide proprietary fund financial statements, and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Balances that cannot be spent because it is either not in spendable form (such as inventory or prepaid expense) or it is legally or contractually required to be maintained intact.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classifications (committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets/fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

The Roads and Streets fund is restricted by both property tax levy and state forest funds. The Parks funds are restricted by property tax levy, as well.

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Clerk. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 of the succeeding year, at which time the property is subject to lien.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$1,000	Straight-Line	5 – 40 Years
Equipment and Vehicles	\$1,000	Straight-Line	3 – 15 Years

General infrastructure assets acquired prior to October, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

The City uses the vesting method to vacation leave.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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2. CASH AND INVESTMENTS

Deposits

As of September 30, 2021, the carrying amount of the City's deposits were \$44,520 and the respective bank balances totaled \$197,208. All of the bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2021, all of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City. The City holds \$250 for change in the cash register. The City does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool which has not been rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the City's investment in the pool is the same as the value of the pool shares.

The City follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.



**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

2. CASH AND INVESTMENTS (continued)

The City's investments at September 30, 2021, are summarized below:

Investment	Fair Value	<u>Maturity (in Years)</u> Less than 1
External Investment Pool	<u>\$ 2,037,010</u>	<u>\$ 2,037,010</u>

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

	Governmental	Business-Type	Total	Fiduciary
	Activities	Activities		Funds
Cash and cash equivalents	\$ (882,536)	\$ 923,098	\$ 40,562	\$ 4,208
Restricted investments categorized as deposits	-	180,960	180,960	-
Investments categorized as deposits	992,973	863,077	1,856,050	-
	<u>\$ 110,437</u>	<u>\$ 1,967,135</u>	<u>\$ 2,077,572</u>	<u>\$ 4,208</u>

The restricted cash is money set aside to satisfy bond reserve requirements.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$33,708 .

4. ACCOUNTS RECEIVABLE

Accounts Receivable for the Enterprise Funds consist of the following:

	Water	Sewer	Irrigation	Sanitation
Accounts Receivable	\$ 40,044	\$ 25,258	\$ 3,433	\$ 7,108
Allowance for Uncollectible Accounts	-	-	-	-
Accounts Receivable, Net	<u>\$ 40,044</u>	<u>\$ 25,258</u>	<u>\$ 3,433</u>	<u>\$ 7,108</u>

5. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

	<u>9/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2021</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 103,941	\$ -	\$ (1,000)	\$ 102,941
Capital Assets Being Depreciated:				
Buildings	579,779	-	(80,000)	499,779
Improvements	1,034,494	-	-	1,034,494
Equipment	<u>85,232</u>	<u>-</u>	<u>(15,735)</u>	<u>69,497</u>
Total Historical Cost	<u>1,699,505</u>	<u>-</u>	<u>(95,735)</u>	<u>1,603,770</u>
Less: Accumulated Depreciation				
Buildings	202,176	13,549	(70,333)	145,392
Improvements	265,178	83,152	-	348,330
Equipment	<u>62,757</u>	<u>7,907</u>	<u>(7,043)</u>	<u>63,621</u>
Total Acc. Depr.	<u>530,111</u>	<u>104,608</u>	<u>(77,376)</u>	<u>557,343</u>
Net Depreciable Assets	<u>1,169,394</u>	<u>(104,608)</u>	<u>(18,359)</u>	<u>1,046,427</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 1,273,335</u>	<u>\$ (104,608)</u>	<u>\$ (19,359)</u>	<u>\$ 1,149,368</u>

Depreciation expense was charged to the functions of the City as follows:

General Administration	\$ 26,619
Roads and Streets	25,773
Parks	<u>52,216</u>
	<u>\$ 104,608</u>

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

6. CAPITAL ASSETS (continued)

	9/30/2020	Additions	Disposals	9/30/2021
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 119,000	\$ -	\$ -	\$ 119,000
Capital Assets Being Depreciated:				
Buildings	206,695	-	-	206,695
Improvements	4,613,890	-	-	4,613,890
Equipment	155,406	-	(4,275)	151,131
Total Historical Cost	4,975,991	-	(4,275)	4,971,716
Less: Accumulated Depreciation				
Buildings	205,418	1,110	-	206,528
Improvements	1,549,794	110,352	-	1,660,146
Equipment	113,023	15,577	(4,275)	124,325
Total Acc. Depr.	1,868,235	127,039	(4,275)	1,990,999
Net Depreciable Assets	3,107,756	(127,039)	-	2,980,717
Business-Type Activities				
Capital Assets - Net	\$ 3,226,756	\$ (127,039)	\$ -	\$ 3,099,717

Depreciation expense was charged to the functions of the City as follows:

Water	\$ 100,799
Sewer	25,147
Irrigation	1,093
	\$ 127,039

7. PENSION PLAN

*Plan Description*

The City of Marsing, Idaho 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) 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).

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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7. PENSION PLAN (continued)

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of September 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City of Marsing, Idaho's contributions were \$33,551 the year ended September 30, 2021.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

7. PENSION PLAN (continued)

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

At September 30, 2021, the City of Marsing, Idaho reported a liability (asset) for its proportionate share of the net pension liability (asset.) The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City of Marsing, Idaho's proportion of the net pension liability was based on the City of Marsing'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 of Marsing's proportion was 0.0075723 percent.

For the year ended September 30, 2021, the City of Marsing recognized pension expense/(revenue) of (\$7,171). At September 30, 2021, the City of Marsing, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,811	\$ 3,476
Changes in assumptions or other inputs	68,647	-
Net difference between projected and actual earnings on pension plan investments	-	187,841
City of Marsing, Idaho's contributions subsequent to the measurement date	8,801	-
<b>Total</b>	<b>\$ 86,259</b>	<b>\$ 191,317</b>

\$8,801 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 years and 4.6 for the measurement period 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:

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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7. PENSION PLAN (continued)

<b>For the Year Ended</b>	
<b>September 30:</b>	<b>PERSI</b>
2022	\$(17,983)
2023	(24,137)
2024	(21,093)
2025	(41,845)

*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, 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 expense
Cost-of-living adjustments	1%

**Contributing Members, Service Retirement Members, and Beneficiaries**

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

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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7. PENSION PLAN (continued)

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	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%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
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 Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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7. PENSION PLAN (continued)

*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:

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 207,893	\$ (5,981)	\$ (181,297)

*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).



**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

8. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave.

Changes in compensated absences for the year ended September 30, 2021, are as follows:

	<u>9/30/20</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/21</u>	<u>Current Portion</u>
Governmental Activities	\$ 5,349	\$ 4,914	\$ (5,349)	\$ 4,914	\$ 4,914
Business-Type Activities	7,094	5,096	(7,094)	5,096	5,096
	<u>\$ 12,443</u>	<u>\$ 10,010</u>	<u>\$(12,443)</u>	<u>\$10,010</u>	<u>\$ 10,010</u>

9. LONG-TERM OBLIGATIONS

Business-Type Activities:

Notes payable have been issued to provide funds for sewer projects.

A summary of long-term liability activity for the year ended September 30, 2021, is as follows:

	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>	<u>9/30/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2021</u>	<u>Current Portion</u>
N/P - RD 92-02	2025	4.500%	\$ 39,115	\$ 107,723	\$ -	\$ (19,794)	\$ 87,929	\$ 20,635
N/P - RD 92-03	2025	4.500%	38,995	108,060	-	(19,855)	88,205	20,698
N/P - RD 91-04	2040	4.375%	-	1,352,122	-	(1,352,122)	-	-
Zions Bank	2035	1.780%	-	-	1,308,427	-	1,308,427	79,560
			<u>\$ 78,110</u>	<u>\$ 1,567,905</u>	<u>\$ 1,308,427</u>	<u>\$(1,391,771)</u>	<u>\$ 1,484,561</u>	<u>\$ 120,893</u>

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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9. LONG-TERM OBLIGATIONS

Debt service requirements on long-term debt at September 30, 2021, are as follows:

Year Ending September 30,	Business-Type Activities:		
	Bonds and Notes		
	Interest	Principal	Total
2022	\$ 30,776	\$ 120,893	\$ 151,669
2023	27,603	124,066	151,669
2024	24,330	127,339	151,669
2025	20,954	130,674	151,629
2026	17,472	85,378	102,850
2027-2031	64,017	450,233	514,250
2032-2036	22,494	445,978	468,472
	<u>\$ 207,646</u>	<u>\$ 1,484,561</u>	<u>\$ 1,692,208</u>

The amount of interest charged to expense for long term obligations for the year ending September 30, 2021, was \$80,973 . No interest was capitalized.

10. LEASE COMMITMENTS

The City began leasing a copier under an operating lease in January 2021. The lease is for 63 months at \$198/mo. Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2022	2,370
2023	2,370
2024	2,370
2025	2,370
2026	1,185
	<u>\$ 10,665</u>

Rent expenditures for the year ended September 30, 2021, totaled \$2,728.

11. OTHER COMMITMENTS

The City also has credit cards available for use. As of September 30, 2021, credit available on these credit cards totaled \$12,000, \$1,175 of which was in use.

**City of Marsing, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2021

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12. DEFICIT FUND BALANCES

The following funds had a deficit fund balance as of September 30, 2021, these amounts are to be repaid in the following year:

Funds:	Deficit Fund Balances
Road and Street	\$ 241,167
Parks	45,041
Sanitation	20,282
	\$ 306,490

13. LESSOR COMMITMENTS

The City leases a building to the United States Bureau of Land Management. The BLM renewed their lease in November 2019 for the next 5 years. The monthly income is \$5,150 with a 3% increase in rent each November. The cost and related accumulated depreciation for the building under lease are as follows:

Building (BLM)	\$229,978
Less: Accumulated Depreciation	<u>(91,991)</u>
	<u>\$137,987</u>

Future minimum lease payments are as follows:

Year Ending September 30,	
2022	\$65,404
2023	67,367
2024	69,388
2025	5,970
	<u>\$208,129</u>

The City had lease income of \$63,500 for the year ended September 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Marsing, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	141,200	77,500	96,544	\$ 19,044
Licenses and Permits	67,590	70,490	59,984	(10,506)
Rents	61,800	35,000	63,500	28,500
Intergovernmental	159,925	126,000	173,393	47,393
Grants	-	141,749	141,748	(1)
Interest	5,000	2,000	750	(1,250)
Other	27,020	37,400	19,277	(18,123)
<b>Total Revenues</b>	<b>462,535</b>	<b>490,139</b>	<b>555,196</b>	<b>65,057</b>
<b>Expenditures</b>				
Current:				
Personnel Services	143,031	167,500	129,366	38,134
Supplies and Other Charges	310,960	270,400	193,692	76,708
Capital Outlay	347,975	237,232	25,692	211,540
<b>Total Expenditures</b>	<b>801,966</b>	<b>675,132</b>	<b>348,750</b>	<b>326,382</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(339,431)</b>	<b>(184,993)</b>	<b>206,446</b>	<b>391,439</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Assets	-	-	124,442	124,442
Transfers In	42,000	50,000	-	(50,000)
Transfers (Out)	-	(100,000)	-	100,000
<b>Total Other Financing Sources (Uses)</b>	<b>42,000</b>	<b>(50,000)</b>	<b>124,442</b>	<b>174,442</b>
Net Change in Fund Balances	(297,431)	(234,993)	330,888	565,881
Fund Balances - Beginning	297,431	234,993	89,560	(145,433)
Fund Balances - Ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 420,448</b>	<b>\$ 420,448</b>

**City of Marsing, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Roads and Streets  
 For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$ 37,050	\$ 31,600	\$ 29,805	\$ (1,795)
Intergovernmental	94,090	103,807	97,454	(6,353)
Interest	3,000	1,000	552	(448)
Other	50	50	-	(50)
Total Revenues	<u>134,190</u>	<u>136,457</u>	<u>127,811</u>	<u>(8,646)</u>
<b>Expenditures</b>				
Current:				
Personnel Services	54,500	58,000	58,434	(434)
Supplies and Other Charges	59,955	59,250	42,820	16,430
Capital Outlay	149,820	157,124	41,642	115,482
Total Expenditures	<u>264,275</u>	<u>274,374</u>	<u>142,896</u>	<u>131,478</u>
Net Change in Fund Balances	(130,085)	(137,917)	(15,085)	122,832
Fund Balances - Beginning	130,085	137,917	(225,841)	(363,758)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (240,926)</u>	<u>\$ (240,926)</u>

**City of Marsing, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Parks  
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 18,029	\$ 26,500	\$ 72,917	\$ 46,417
Intergovernmental	11,000	26,000	8,344	(17,656)
Interest	2,500	100	14	(86)
Total Revenues	<u>31,529</u>	<u>52,600</u>	<u>81,275</u>	<u>28,675</u>
<b>Expenditures</b>				
Current:				
Personnel Services	52,500	50,000	52,860	(2,860)
Supplies and Other Charges	43,300	37,800	26,318	11,482
Capital Outlay	15,000	62,300	621	61,679
Total Expenditures	<u>110,800</u>	<u>150,100</u>	<u>79,799</u>	<u>70,301</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(79,271)</u>	<u>(97,500)</u>	<u>1,476</u>	<u>98,976</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	50,000	-	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Net Change in Fund Balances	(79,271)	(47,500)	1,476	48,976
Fund Balances - Beginning	79,271	47,500	(46,418)	(93,918)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,942)</u>	<u>\$ (44,942)</u>

**City of Marsing, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2021

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1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for Enterprise funds may also be revised in the same manner as those situations involving federal and state grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.
- F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Budgeted amounts were not amended from the amounts originally adopted during the fiscal year ended September 30, 2021.
- H. Expenditures may not legally exceed budgeted appropriations at the fund level. The City does not use the encumbrance method of accounting.



**City of Marsing, Idaho**  
Schedules of Required Supplemental Information  
Public Employees Retirement System of Idaho  
Last 10 - Fiscal Years\*

**Schedule of the City's proportionate Share of Net Pension Liability**

Year	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered-employee payroll	City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.0075723%	\$ (5,980)	\$ 281,008	-2.13%	100.36%
2020	0.0077858%	\$ 180,797	\$ 289,188	62.52%	88.22%
2019	0.0078786%	\$ 89,932	\$ 263,844	34.09%	93.79%
2018	0.0077774%	\$ 114,718	\$ 260,142	44.10%	91.69%
2017	0.0077582%	\$ 121,946	\$ 234,527	52.00%	90.68%
2016	0.0077517%	\$ 157,139	\$ 244,374	64.30%	87.26%
2015	0.0076237%	\$ 56,122	\$ 218,854	25.64%	91.38%

Data reported is measured as of June 30, 2021

**Schedule of City's Contributions**

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	City's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$ 33,551	\$ 33,551	\$ -	\$ 281,008	11.94%
2020	\$ 34,529	\$ 34,529	\$ -	\$ 289,188	11.94%
2019	\$ 30,205	\$ 30,205	\$ -	\$ 263,844	11.45%
2018	\$ 29,454	\$ 29,454	\$ -	\$ 260,142	11.32%
2017	\$ 26,555	\$ 26,555	\$ -	\$ 234,527	11.32%
2016	\$ 27,675	\$ 27,675	\$ -	\$ 244,374	11.32%
2015	\$ 24,787	\$ 24,787	\$ -	\$ 218,854	11.33%

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, City of Marsing, Idaho will present information for those years for which information is available.

**SUPPLEMENTAL INFORMATION**

**City of Marsing, Idaho**  
Supplemental Schedule of Revenues by Source -  
Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended September 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Property Taxes</b>			
Property Taxes	\$ 74,000	\$ 94,306	\$ 20,306
Penalties and Interest	3,500	2,238	(1,262)
<b>Total Property Taxes</b>	<u>77,500</u>	<u>96,544</u>	<u>19,044</u>
<b>Licenses and Permits</b>			
Business Licenses	2,500	2,391	(109)
Amusement Licenses	40	40	-
Beer Licenses	500	440	(60)
Liquor Licenses	500	450	(50)
Wine Licenses	750	600	(150)
Peddlers Licenses	200	330	130
Catering Licenses	400	450	50
Dog Licenses	-	30	30
<b>Total Licenses and Permits</b>	<u>4,890</u>	<u>4,731</u>	<u>(159)</u>
<b>Rents</b>	<u>35,000</u>	<u>63,500</u>	<u>28,500</u>
<b>Intergovernmental</b>			
State Liquor Apportionment	37,000	41,512	4,512
Court Revenue	15,000	7,836	(7,164)
Grants	141,749	141,748	(1)
State Revenue Sharing	74,000	124,045	50,045
<b>Total Intergovernmental</b>	<u>267,749</u>	<u>315,141</u>	<u>47,392</u>
<b>Interest Earned</b>	<u>2,000</u>	<u>750</u>	<u>(1,250)</u>
<b>Sale of Assets</b>	<u>-</u>	<u>124,442</u>	<u>124,442</u>
<b>Other</b>	<u>17,400</u>	<u>17,698</u>	<u>298</u>
<b>Total Revenue</b>	<u>\$ 404,539</u>	<u>\$ 622,806</u>	<u>\$ 93,825</u>

**City of Marsing, Idaho**  
Supplemental Schedule of Expenditures by Object of Expenditure -  
Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended September 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Personnel Services</b>			
City Council Salaries	\$ 8,400	\$ 9,100	\$ (700)
Mayor's Salary	7,500	8,125	(625)
City Clerk Salary	40,000	44,975	(4,975)
Salary	9,000	9,121	(121)
Benefits	27,600	30,051	(2,451)
Total Personnel Services	<u>92,500</u>	<u>101,372</u>	<u>(8,872)</u>
<b>Supplies and Other Charges</b>			
Election Costs	-	-	-
Office Supplies	6,500	4,381	2,119
Professional Services	6,800	10,019	(3,219)
Advertising and Publishing	2,500	1,272	1,228
Insurance	2,000	3,787	(1,787)
Travel and Meetings	3,000	1,961	1,039
Dues and Subscriptions	1,000	662	338
Repairs and Maintenance	5,000	639	4,361
Miscellaneous Services	7,500	6,029	1,471
Legal Services	40,000	26,213	13,787
Operating Supplies	-	-	-
Public Relations	12,000	7,699	4,301
Cleaning and Custodial	1,000	903	97
Telephone	2,500	1,792	708
Computer Maintenance	5,000	2,540	2,460
Utilities	16,000	12,004	3,996
Purchased Repair - Building	9,000	7,009	1,991
Other Purchased Services	10,000	10,378	(378)
Indigent Fund	-	-	-
Law Enforcement/Contingency	80,000	42,568	37,432
Total Supplies and Other Charges	<u>209,800</u>	<u>139,856</u>	<u>69,944</u>
<b>Capital Outlay</b>	<u>237,232</u>	<u>25,692</u>	<u>211,540</u>
Total Expenditures	<u>\$ 539,532</u>	<u>\$ 266,920</u>	<u>\$ 272,612</u>

**FEDERAL REPORT**



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

Phone: 208-459-4649 ♦ FAX: 208-229-0404

**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**

Honorable Mayor  
and City Council  
Marsing, 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 the City of Marsing, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Marsing, Idaho's basic financial statements, and have issued our report thereon dated June 1, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Marsing, Idaho'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 of Marsing, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marsing, Idaho'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding as item 2021-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Marsing, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Response to Findings**

City of Marsing's response to the findings identified in our audit are described in the accompanying schedule of findings. 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.

*Zwygart John & Associates, CPAs PLLC*

Nampa, Idaho  
June 1, 2022

**City of Marsing, Idaho**  
Schedule of Findings  
For the Year Ended September 30, 2021

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**2021-001: Bank statement reconciliations**

Condition: Bank reconciliations were performed for each month of the year, but there were minor discrepancies each month that were not corrected.

Criteria: Bank reconciliations should be performed each month, reviewed by someone other than the person who prepares the reconciliation, and should agree the bank statements to the accounting records.

Cause: There are some old, lingering discrepancies that have never been corrected in the accounting software. City staff have not had the extensive time necessary to research and make the needed corrections.

Effect: Bank reconciliations that are not corrected could cause cash balances to be misstated by material amounts and erode confidence in monthly financial reports for users.

Recommendations: The City should invest the necessary time and money to make sure staff are adequately trained on the accounting software, including for critical daily and monthly activities, like bank reconciliations.



**City of Marsing, Idaho**  
**Management's Response**  
For the Year Ended September 30, 2021

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**2021-001: Bank Statement Reconciliations**

The Treasurer and other staff have reconciled and balances the bank statements for all months for the period under audit. All recommendations have been implemented by staff.

If there are any questions on management's response to findings please contact the City Treasurer at (208)896-4122.