

CITY OF MARSING, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2023

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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, 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 Marsing, Idaho as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

In performing an audit in accordance with GAAS and Governmental Auditing Standards, we:

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

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

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 35 through 39 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 March 5, 2024, 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.

Zwyzart John & Associates, CPAs PLLC

Nampa, Idaho
March 5, 2024

City of Marsing, Idaho
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 451,605	\$ 2,299,618	\$ 2,751,223
Receivables, Net			
Accounts	-	70,734	70,734
Property Taxes	15,520	-	15,520
Prepaid Items	6,469	8,943	15,412
Due From Other Governments	41,090	-	41,090
Total Current Assets	<u>514,684</u>	<u>2,379,295</u>	<u>2,893,979</u>
Noncurrent Assets:			
Restricted Cash	169,000	180,960	349,960
Land	93,947	119,000	212,947
Buildings, Net	197,480	-	197,480
Equipment, Net	23,969	47,909	71,878
Improvements, Net	522,790	2,733,275	3,256,065
Total Noncurrent Assets	<u>1,007,186</u>	<u>3,081,144</u>	<u>4,088,330</u>
Total Assets	<u>1,521,870</u>	<u>5,460,439</u>	<u>6,982,309</u>
Deferred Outflows			
Pension Related Items	70,492	57,674	128,166
Total Deferred Outflows	<u>70,492</u>	<u>57,674</u>	<u>128,166</u>
Liabilities			
Accounts Payable and Other Current Liabilities	61,134	27,425	88,559
Deposits From Others	-	2,426	2,426
Accrued Interest	-	18,232	18,232
Long-Term Liabilities:			
Due Within One Year:			
Compensated Absences	10,466	13,190	23,656
Loans Payable	-	127,443	127,443
Due in More than One Year:			
Loans Payable	-	1,106,298	1,106,298
Net Pension Liability	179,626	146,966	326,592
Total Liabilities	<u>251,226</u>	<u>1,441,980</u>	<u>1,693,206</u>
Deferred Inflows			
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	838,186	1,666,443	2,504,629
Restricted	169,000	180,960	349,960
Unrestricted (Deficit) Surplus	333,950	2,228,730	2,562,680
Total Net Position	<u>\$ 1,341,136</u>	<u>\$ 4,076,133</u>	<u>\$ 5,417,269</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, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
					Business-Type Activities			
Primary Government:								
Governmental Activities:								
General Administration	558,489	\$ 30,044	\$ -	\$ -	\$ (528,445)	\$ -	\$ (528,445)	
Roads and Streets	274,275	-	-	285,000	10,725	-	10,725	
Other Governmental Activities:	78,826	50	-	-	(78,776)	-	(78,776)	
Total Governmental Activities	911,590	30,094	-	285,000	(596,496)	-	(596,496)	
Business-Type Activities:								
Water	315,801	609,565	-	-	-	293,764	293,764	
Sewer	281,256	332,628	-	-	-	51,372	51,372	
Irrigation	106,449	46,170	-	-	-	(60,279)	(60,279)	
Sanitation	123,131	120,100	-	-	-	(3,031)	(3,031)	
Total Business-Type Activities	826,637	1,108,463	-	-	-	281,826	281,826	
Total Primary Government	\$ 1,738,227	\$ 1,138,557	\$ -	\$ 285,000	(596,496)	281,826	(314,670)	

General Revenues:			
Property Taxes	220,459	-	220,459
State Sources	305,764	-	305,764
Other	204,852	-	204,852
Unrestricted Investment Earnings	51,965	46,437	98,402
Total General Revenues and			
Special Items	783,040	46,437	829,477
Change in Net Position	186,544	328,263	514,807
Net Position, Beginning of Year	1,154,592	3,747,870	4,902,462
Net Position, End of Year	\$ 1,341,136	\$ 4,076,133	\$ 5,417,269

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

City of Marsing, Idaho
Balance Sheet -
Governmental Funds
September 30, 2023

	General	Roads and Streets	Parks	Total Governmental Funds
Cash and Cash Equivalents	\$ 451,605	\$ -	\$ -	\$ 451,605
Property Taxes Receivable, Net	7,905	5,375	2,240	15,520
Prepaid Items	4,725	872	872	6,469
Restricted Cash	-	169,000	-	169,000
Internal Balances	169,134	-	-	169,134
Due From Other Governments	41,090	-	-	41,090
Total Assets	\$ 674,459	\$ 175,247	\$ 3,112	\$ 852,818
 Liabilities and Fund Balances				
Liabilities:				
Internal Balances	\$ -	\$ 109,633	\$ 59,501	\$ 169,134
Accounts Payable and Other Current Liabilities	50,766	9,286	1,082	61,134
Total Liabilities	50,766	118,919	60,583	230,268
 Deferred Inflows				
Unearned Revenue - Property Taxes	7,792	5,297	2,207	15,296
Total Deferred Inflows	7,792	5,297	2,207	15,296
 Fund Balances:				
Nonspendable	4,725	872	872	6,469
Restricted	-	169,000	-	169,000
Committed	281,748	-	-	281,748
Unassigned	329,428	(118,841)	(60,550)	150,037
Total Fund Balances	615,901	51,031	(59,678)	607,254
 Total Liabilities, Deferred Inflows, and Fund Balances	 \$ 674,459	 \$ 175,247	 \$ 3,112	 \$ 852,818

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, 2023

Total Fund Balances - Governmental Funds \$ 607,254

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	\$ 93,947	
Buildings, Net of \$65,157 Accumulated Depreciation	197,480	
Improvements, Net of \$58,212 Accumulated Depreciation	23,969	
Equipment, Net of \$474,983 Accumulated Depreciation	<u>522,790</u>	
		838,186

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. 15,296

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	\$ (179,626)	
Pension Related Deferred Outflows	<u>70,492</u>	
		(109,134)

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		<u>(10,466)</u>
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Net Position of Governmental Activities		<u><u>\$ 1,341,136</u></u>
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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, 2023

	General	Roads and Streets	Parks	Total Governmental Funds
Revenues				
Property Taxes	\$ 139,478	\$ 54,991	\$ 22,763	\$ 217,232
Licenses and Permits	30,044	-	-	30,044
Rents	-	-	50	50
Intergovernmental	154,307	122,079	29,378	305,764
Grants	-	285,000	-	285,000
Interest	30,434	17,696	3,835	51,965
Other	203,738	1,114	-	204,852
Total Revenues	<u>558,001</u>	<u>480,880</u>	<u>56,026</u>	<u>1,094,907</u>
Expenditures				
Current:				
Personnel Services	161,901	50,045	42,473	254,419
Supplies and Other Charges	251,673	207,476	34,675	493,824
Capital Outlay	26,924	14,511	7,959	49,394
Total Expenditures	<u>440,498</u>	<u>272,032</u>	<u>85,107</u>	<u>797,637</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>117,503</u>	<u>208,848</u>	<u>(29,081)</u>	<u>297,270</u>
Other Financing Sources (Uses)				
Transfers In	-	-	50,000	50,000
Transfers (Out)	(50,000)	-	-	(50,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balances	67,503	208,848	20,919	297,270
Fund Balances - Beginning	548,398	(157,817)	(80,597)	355,306
Fund Balances - Ending	<u>\$ 615,901</u>	<u>\$ 51,031</u>	<u>\$ (59,678)</u>	<u>\$ 652,576</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, 2023

Total Net Change in Fund Balance - Governmental Funds \$ 297,270

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:

Capital Outlay	12,562
Depreciation Expense	(90,489)

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.	3,227
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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.

(36,026)

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 Net Position of Governmental Activities	<u><u>\$ 186,544</u></u>
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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, 2023

	Business-Type Activities - Enterprise Funds				Total
	Water	Sewer	Irrigation	Sanitation	
Assets					
Cash and Cash Equivalents	\$ 1,646,203	\$ 653,415	\$ -	\$ -	\$ 2,299,618
Receivables, Net	37,124	23,471	2,593	7,546	70,734
Prepaid Items	872	2,981	2,981	2,109	8,943
Internal Balances	159,090	-	-	-	159,090
Total Current Assets	<u>1,843,289</u>	<u>679,867</u>	<u>5,574</u>	<u>9,655</u>	<u>2,538,385</u>
Noncurrent Assets:					
Restricted Cash	102,850	78,110	-	-	180,960
Capital Assets:					
Land	55,000	64,000	-	-	119,000
Equipment, Net	8,798	21,102	18,009	-	47,909
Improvements, Net	2,403,607	328,993	675	-	2,733,275
Total Noncurrent Assets	<u>2,570,255</u>	<u>492,205</u>	<u>18,684</u>	<u>-</u>	<u>3,081,144</u>
Total Assets	<u>4,413,544</u>	<u>1,172,072</u>	<u>24,258</u>	<u>9,655</u>	<u>5,619,529</u>
Deferred Outflows					
Pension Related Items	38,451	19,223	-	-	57,674
Total Deferred Outflows	<u>38,451</u>	<u>19,223</u>	<u>-</u>	<u>-</u>	<u>57,674</u>
Liabilities					
Current Liabilities:					
Internal Balances	-	-	117,589	41,501	159,090
Accounts Payable and Other Current Liabilities	8,627	5,153	3,070	10,575	27,425
Compensated Absences	7,948	5,242	-	-	13,190
Accrued Interest	16,940	1,292	-	-	18,232
Deposits From Others	2,426	-	-	-	2,426
Current Portion Notes Payable	82,522	44,921	-	-	127,443
Total Current Liabilities	<u>118,463</u>	<u>56,608</u>	<u>120,659</u>	<u>52,076</u>	<u>347,806</u>
Noncurrent Liabilities:					
Notes Payable Less Current Portion	1,059,508	46,790	-	-	1,106,298
Net Pension Liability	97,978	48,988	-	-	146,966
Total Liabilities	<u>1,157,486</u>	<u>95,778</u>	<u>-</u>	<u>-</u>	<u>1,253,264</u>
Deferred Inflows					
Pension Related Items	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Invested in Capital Assets,					
Net of Related Debt	1,325,375	322,384	18,684	-	1,666,443
Restricted for Debt Service	102,850	78,110	-	-	180,960
Unrestricted	1,747,821	638,415	(115,085)	(42,421)	2,228,730
Total Net Position	<u>\$ 3,176,046</u>	<u>\$ 1,038,909</u>	<u>\$ (96,401)</u>	<u>\$ (42,421)</u>	<u>\$ 4,076,133</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, 2023

	Business-Type Activities - Enterprise Funds				Total
	Water	Sewer	Irrigation	Sanitation	
Operating Revenues					
Charges for Services	\$ 519,918	\$ 328,576	\$ 42,475	\$ 120,100	\$ 1,011,069
Hookups	87,260	3,000	-	-	90,260
Other Revenue	2,387	1,052	3,695	-	7,134
Total Operating Revenues	<u>609,565</u>	<u>332,628</u>	<u>46,170</u>	<u>120,100</u>	<u>1,108,463</u>
Operating Expenses					
Personnel Services	62,324	70,934	41,949	5,483	180,690
Personnel Benefits	50,354	41,058	20,327	1,360	113,099
Legal and Professional	4,975	8,264	444	9,612	23,295
Purchased Services	2,541	13,569	37	102,496	118,643
Operating Supplies	47,886	35,462	9,650	2,153	95,151
Utilities	17,363	16,577	19,081	-	53,021
Insurance	1,476	1,476	1,476	2,027	6,455
Other Services and Charges	3,283	1,582	4,166	-	9,031
Purchased Repairs	5,929	4,016	-	-	9,945
Travel and Meetings	3,881	1,389	-	-	5,270
Capital Outlay	-	59,601	6,672	-	66,273
Depreciation	95,807	22,206	2,647	-	120,660
Total Operating Expenses	<u>295,819</u>	<u>276,134</u>	<u>106,449</u>	<u>123,131</u>	<u>801,533</u>
Operating Income (Loss)	<u>313,746</u>	<u>56,494</u>	<u>(60,279)</u>	<u>(3,031)</u>	<u>306,930</u>
Nonoperating Revenues (Expenses)					
Interest Expense	(19,982)	(5,122)	-	-	(25,104)
Investment Earnings	30,552	15,829	15	41	46,437
Total Nonoperating Revenues (Expenses)	<u>10,570</u>	<u>10,707</u>	<u>15</u>	<u>41</u>	<u>21,333</u>
Change in Net Position	324,316	67,201	(60,264)	(2,990)	328,263
Net Position - Beginning	2,851,730	971,708	(36,137)	(39,431)	3,747,870
Net Position - Ending	<u>\$ 3,176,046</u>	<u>\$ 1,038,909</u>	<u>\$ (96,401)</u>	<u>\$ (42,421)</u>	<u>\$ 4,076,133</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, 2023

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Irrigation	Sanitation	Total
Cash Flows From Operating Activities					
Cash Receipts from Customers	\$ 607,573	\$ 331,163	\$ 46,294	\$ 119,456	\$ 1,104,486
Payments to Employees for Services	(94,062)	(102,020)	(62,276)	(6,843)	(265,201)
Payments to Suppliers for Goods or Services	(85,720)	(139,255)	(38,994)	(117,539)	(381,508)
Net Cash Provided (Used) by Operating Activities	<u>427,791</u>	<u>89,888</u>	<u>(54,976)</u>	<u>(4,926)</u>	<u>457,777</u>
Cash Flows From Noncapital Financing Activities					
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities					
Purchases and Construction of Capital Assets	(6,281)	(6,281)	(6,281)	-	(18,843)
Principal Paid on Capital Debt	(81,079)	(43,090)	-	-	(124,169)
Interest Paid on Capital Debt	(21,771)	(5,729)	-	-	(27,500)
Net Cash Provided (Used) From Capital and Related Financing Activities	<u>(109,131)</u>	<u>(55,100)</u>	<u>(6,281)</u>	<u>-</u>	<u>(170,512)</u>
Cash Flows From Investing Activities					
Interest and Dividends	30,552	15,829	15	41	46,437
Net Increase (Decrease) in Cash and Cash Equivalents	349,212	50,617	(61,242)	(4,885)	333,702
Cash and Cash Equivalents - Beginning	1,558,931	680,908	(56,347)	(36,616)	2,146,876
Cash and Cash Equivalents - Ending	<u>\$ 1,908,143</u>	<u>\$ 731,525</u>	<u>\$ (117,589)</u>	<u>\$ (41,501)</u>	<u>\$ 2,480,578</u>
Displayed As:					
Cash and Cash Equivalents	\$ 1,646,203	\$ 653,415	\$ -	\$ -	\$ 2,299,618
Internal Balances	159,090	-	(117,589)	(41,501)	-
Restricted Cash	102,850	78,110	-	-	180,960
	<u>\$ 1,908,143</u>	<u>\$ 731,525</u>	<u>\$ (117,589)</u>	<u>\$ (41,501)</u>	<u>\$ 2,480,578</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, 2023

	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)	\$ 313,746	\$ 56,494	\$ (60,279)	\$ (3,031)	\$ 306,930
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation	95,807	22,206	2,647	-	120,660
(Increase) Decrease in Accounts Receivable	(2,238)	(1,465)	124	(644)	(4,223)
(Increase) Decrease in Prepaid Expenses	1,885	(134)	(224)	(2,109)	(582)
(Increase) Decrease in Deferred Outflows	10,409	5,204	-	-	15,613
Increase (Decrease) in Accounts Payable	(271)	2,815	2,756	858	6,158
Increase (Decrease) in Compensated Absences	1,569	1,447	-	-	3,016
Increase (Decrease) in Customer Deposits	246	-	-	-	246
Increase (Decrease) in Net Pension Liability	7,045	3,523	-	-	10,568
Increase (Decrease) in Deferred Inflows	(407)	(202)	-	-	(609)
Net Cash Provided by Operating Activities	<u>\$ 427,791</u>	<u>\$ 89,888</u>	<u>\$ (54,976)</u>	<u>\$ (4,926)</u>	<u>\$ 457,777</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, 2023

	Fireworks
Assets	
Cash and Investments	\$ 14,602
Accounts Receivable	-
Liabilities	
Accounts Payable	-
Total Liabilities	-
Net Position	
Restricted for:	
Individuals, Organization	14,602
Total Net Position	\$ 14,602

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, 2023

	Fireworks
Additions:	
Income	\$ 9,517
Deductions	
Supplies and Charges	4,656
Total Deductions	4,656
Change in Net Position	4,861
Net Position - Beginning	9,741
Net Position - Ending	\$ 14,602

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, 2023

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, 2023

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, 2023

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 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.

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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, 2023

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, 2023

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2023, the carrying amount of the City's deposits were \$358,497 and the respective bank balances totaled \$480,811. 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, 2023, 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 \$246 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, 2023

The City's investments at September 30, 2023, are summarized below:

Investment	Fair Value	Maturity (in Years)	
		Less than 1	
External Investment Pool	\$ 2,736,965	\$	2,736,965
Certificate of Deposit	20,077		20,077
	<u>\$ 2,757,042</u>	<u>\$</u>	<u>2,757,042</u>

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

	Governmental Activities	Business - Type Activities	Total	Fiduciary Funds
Cash and cash equivalents	\$ (1,118,935)	\$ 1,483,153	\$ 364,218	\$ 14,602
Restricted investments categorized as deposits	169,000	180,960	349,960	-
Investments categorized as deposits	<u>1,739,540</u>	<u>816,465</u>	<u>2,556,005</u>	<u>-</u>
	<u>\$ 789,605</u>	<u>\$ 2,480,578</u>	<u>\$3,270,183</u>	<u>\$ 14,602</u>

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

3. ACCOUNTS RECEIVABLE

Accounts Receivable for the Enterprise Funds consist of the following:

	Water	Sewer	Irrigation	Sanitation
Accounts Receivable	\$ 37,124	\$ 2,593	\$ 23,471	\$ 7,546
Allowance for Uncollectible Accounts	-	-	-	-
Accounts Receivable, Net	<u>\$ 37,124</u>	<u>\$ 2,593</u>	<u>\$ 23,471</u>	<u>\$ 7,546</u>

4. 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, 2023

5. CAPITAL ASSETS

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

	<u>9/30/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2023</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 93,947	\$ -	\$ -	\$ 93,947
Capital Assets Being Depreciated:				
Buildings	262,637	-	-	262,637
Improvements	997,773	-	-	997,773
Equipment	<u>69,619</u>	<u>12,562</u>	-	<u>82,181</u>
Total Historical Cost	<u>1,330,029</u>	<u>12,562</u>	-	<u>1,342,591</u>
Less: Accumulated Depreciation				
Buildings	57,869	7,288	-	65,157
Improvements	396,555	78,428	-	474,983
Equipment	<u>53,439</u>	<u>4,773</u>	-	<u>58,212</u>
Total Acc. Depr.	<u>507,863</u>	<u>90,489</u>	-	<u>598,352</u>
Net Depreciable Assets	<u>822,166</u>	<u>(77,927)</u>	-	<u>744,239</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 916,113</u>	<u>\$ (77,927)</u>	<u>\$ -</u>	<u>\$ 838,186</u>

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

General Administration	\$ 16,660
Roads and Streets	22,053
Parks	<u>51,776</u>
	<u>\$ 90,489</u>

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

	9/30/2022	Additions	Disposals	9/30/2023
<u>Business-Type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 119,000	\$ -	\$ -	\$ 119,000
Capital Assets Being Depreciated:				
Buildings	206,694	-	-	206,694
Improvements	4,613,890	-	-	4,613,890
Equipment	169,703	18,843	-	188,546
Total Historical Cost	4,990,287	18,843	-	5,009,130
Less: Accumulated Depreciation				
Buildings	206,694	-	-	206,694
Improvements	1,770,381	110,235	-	1,880,616
Equipment	130,212	10,426	-	140,638
Total Acc. Depr.	2,107,287	120,661	-	2,227,948
Net Depreciable Assets	2,883,000	(101,818)	-	2,781,182
Business-Type Activities				
Capital Assets - Net	\$ 3,002,000	\$ (101,818)	\$ -	\$ 2,900,182

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

Water	\$ 95,807
Sewer	22,206
Irrigation	2,648
	\$ 120,661

6. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$41,090.

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.

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month 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 public safety. As of September 30, 2023 it was 7.16% for general employees and 9.13% for police and firefighters.

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

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 \$40,365 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 September 30, 2023, 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, 2023, 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, 2023, the City of Marsing’s proportion was 0.0081839 percent.

For the year ended September 30, 2023, the City of Marsing recognized pension expense/(revenue) of \$97,193 . At September 30, 2023, the City of Marsing, Idaho 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	\$ 55,981	\$ -
Changes in assumptions or other inputs	32,340	-
Net difference between projected and actual earnings on pension plan investments	30,655	-
City of Marsing, Idaho's contributions subsequent to the measurement date	9,190	-
Total	\$ 128,166	\$ -

\$9,190 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, 2022, the beginning of the measurement period ended June 30, 2022, is 4.6 years and 4.4 for the measurement period June 30, 2023.

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

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

For the Year Ended		PERSI
September 30:		
2024	\$	51,500
2025		19,883
2026		61,852
2027		(5,069)

Actuarial Assumptions

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

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

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

Contributing Members, Service Retirement Members, and Beneficiaries

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

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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

Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%

Discount Rate

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

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

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

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 587,391	\$ 326,592	\$ 113,440

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.

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, 2023, are as follows:

	<u>9/30/22</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/23</u>	<u>Current Portion</u>
Governmental Activities	\$ 5,695	\$ 17,021	\$(12,250)	\$ 10,466	\$ 10,466
Business-Type Activities	10,174	27,430	(24,414)	13,190	13,190
	<u>\$ 15,869</u>	<u>\$ 44,451</u>	<u>\$(36,664)</u>	<u>\$ 23,656</u>	<u>\$ 23,656</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, 2023, is as follows:

	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>	<u>9/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2023</u>	<u>Current Portion</u>
N/P - RD 92-02	2025	4.500%	\$ 24,447	\$ 67,294	-	\$ (21,512)	\$ 45,782	\$ 22,426
N/P - RD 92-03	2025	4.500%	24,372	67,507	-	(21,578)	45,929	22,495
Zions Bank	2035	1.780%	-	1,223,109	-	(81,079)	1,142,030	82,522
			<u>\$ 48,819</u>	<u>\$ 1,357,910</u>	<u>\$ -</u>	<u>\$ (124,169)</u>	<u>\$ 1,233,741</u>	<u>\$ 127,443</u>

City of Marsing, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2023

Debt service requirements on long-term debt at September 30, 2023, are as follows:

Year Ending September 30,	Business-Type Activities:		
	Bonds and Notes		
	Interest	Principal	Total
2024	\$ 24,226	\$ 127,443	\$ 151,669
2025	20,848	130,781	151,629
2026	17,364	85,486	102,850
2027	15,843	87,007	102,850
2028	14,294	88,556	102,850
2029 - 2033	47,256	466,994	514,250
2034 - 2038	7,926	247,474	255,400
	\$ 147,756	\$ 1,233,741	\$ 1,381,498

The amount of interest charged to expense for long term obligations for the year ending September 30, 2023, was \$26,087. No interest was capitalized.

10. OTHER COMMITMENTS

The City also has credit cards available for use. As of September 30, 2023, credit available on these credit cards totaled \$23,100, \$5,291 of which was in use.

11. DEFICIT FUND BALANCES

The following funds had a deficit fund balance as of September 30, 2023, these amounts are to be repaid in the following year:

Funds:	Deficit Fund Balances
Parks	62,857
Irrigation	98,042
Sanitation	32,425
	\$ 193,324

12. Transfers

Fund Transferred To	Fund Transferred from	Amount	Principal Purpose
Park Fund	General Fund	\$ 50,000	Cover operations for Park

REQUIRED SUPPLEMENTARY INFORMATION

City of Marsing, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 253,500	\$ 253,500	\$ 139,478	\$ (114,022)
Licenses and Permits	87,790	87,790	30,044	(57,746)
Intergovernmental	230,000	230,000	154,307	(75,693)
Interest	2,000	2,000	30,434	28,434
Other	189,109	189,109	203,738	14,629
Total Revenues	<u>762,399</u>	<u>762,399</u>	<u>558,001</u>	<u>(204,398)</u>
Expenditures				
Current:				
Personnel Services	164,100	164,100	161,901	2,199
Supplies and Other Charges	294,700	294,700	251,673	43,027
Capital Outlay	377,498	377,498	26,924	350,574
Total Expenditures	<u>836,298</u>	<u>836,298</u>	<u>440,498</u>	<u>395,800</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(73,899)</u>	<u>(73,899)</u>	<u>117,503</u>	<u>191,402</u>
Other Financing Sources (Uses)				
Transfers In	50,000	50,000	50,000	-
Transfers (Out)	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change in Fund Balances	(123,899)	(123,899)	67,503	191,402
Fund Balances - Beginning	123,899	123,899	548,398	424,499
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,901</u>	<u>\$ 615,901</u>

City of Marsing, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Roads and Streets
 For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 100,650	\$ 100,650	\$ 54,991	\$ (45,659)
Intergovernmental	80,379	80,379	122,079	41,700
Grants	285,000	285,000	285,000	-
Interest	1,000	1,000	17,696	16,696
Other	50	50	1,114	1,064
Total Revenues	<u>467,079</u>	<u>467,079</u>	<u>480,880</u>	<u>13,801</u>
Expenditures				
Current:				
Personnel Services	45,000	45,000	50,045	(5,045)
Supplies and Other Charges	488,750	488,750	207,476	281,274
Capital Outlay	<u>172,000</u>	<u>172,000</u>	<u>14,511</u>	<u>157,489</u>
Total Expenditures	<u>705,750</u>	<u>705,750</u>	<u>272,032</u>	<u>433,718</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(238,671)</u>	<u>(238,671)</u>	<u>208,848</u>	<u>447,519</u>
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(238,671)	(238,671)	208,848	447,519
Fund Balances - Beginning	238,671	238,671	(157,817)	(396,488)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,031</u>	<u>\$ 51,031</u>

City of Marsing, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Parks
 For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$ 50,500	\$ 50,500	\$ 22,763	\$ (27,737)
Rents	-	-	50	50
Intergovernmental	26,000	26,000	29,378	3,378
Interest	100	100	3,835	3,735
Total Revenues	<u>76,600</u>	<u>76,600</u>	<u>56,026</u>	<u>(20,574)</u>
Expenditures				
Current:				
Personnel Services	37,000	37,000	42,473	(5,473)
Supplies and Other Charges	37,800	37,800	34,675	3,125
Capital Outlay	92,000	92,000	7,959	84,041
Total Expenditures	<u>166,800</u>	<u>166,800</u>	<u>85,107</u>	<u>81,693</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(90,200)</u>	<u>(90,200)</u>	<u>(29,081)</u>	<u>61,119</u>
Other Financing Sources (Uses)				
Transfers In	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balances	(40,200)	(40,200)	20,919	61,119
Fund Balances - Beginning	40,200	40,200	(80,597)	(120,797)
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,678)</u>	<u>\$ (59,678)</u>

City of Marsing, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2023

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, 2023.
- 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
2022	0.0076955%	\$ 303,109	\$ 315,055	96.21%	83.09%
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, 2023

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
2023	\$ 40,365	\$ 40,365	\$ -	\$ 343,203	11.76%
2022	\$ 37,618	\$ 37,618	\$ -	\$ 281,008	13.39%
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, 2023

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, City of 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, 2023

	Budget	Actual	Variance
Property Taxes	\$ 250,000	\$ 137,536	\$ (112,464)
Penalties and Interest	3,500	1,942	(1,558)
Total Property Taxes	<u>253,500</u>	<u>139,478</u>	<u>(114,022)</u>
Licenses and Permits			
Business Licenses	3,000	1,505	(1,495)
Amusement Licenses	40	40	-
Beer Licenses	500	540	40
Liquor Licenses	500	675	175
Wine Licenses	750	900	150
Peddlers Licenses	200	200	-
Catering Licenses	400	450	50
Total Licenses and Permits	<u>5,390</u>	<u>4,310</u>	<u>(1,080)</u>
Intergovernmental			
State Liquor Apportionment	45,000	41,598	(3,402)
Court Revenue	10,000	10,924	924
State Revenue Sharing	175,000	101,785	(73,215)
Total Intergovernmental	<u>230,000</u>	<u>154,307</u>	<u>(75,693)</u>
Interest Earned	<u>2,000</u>	<u>30,434</u>	<u>28,434</u>
Other	<u>189,109</u>	<u>196,424</u>	<u>7,315</u>
Total Revenue	<u>\$ 679,999</u>	<u>\$ 524,953</u>	<u>\$ (155,046)</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, 2023

	Budget	Actual	Variance
City Council Salaries	\$ 8,400	\$ 12,686	\$ (4,286)
Mayor's Salary	7,500	2,500	5,000
City Clerk Salary	45,000	40,329	4,671
Salary	9,500	8,911	589
Benefits	29,700	34,447	(4,747)
Total Personnel Services	<u>100,100</u>	<u>98,873</u>	<u>1,227</u>
Supplies and Other Charges			
Office Supplies	7,000	7,241	(241)
Professional Services	6,800	8,116	(1,316)
Advertising and Publishing	2,500	1,693	807
Insurance	2,000	2,952	(952)
Travel and Meetings	5,000	4,653	347
Dues and Subscriptions	3,000	464	2,536
Miscellaneous Services	6,500	2,069	4,431
Legal Services	40,000	36,598	3,402
Public Relations	15,000	12,205	2,795
Cleaning and Custodial	1,500	742	758
Telephone	2,000	1,623	377
Computer Maintenance	3,000	1,961	1,039
Utilities	17,000	11,035	5,965
Purchased Repair - Building	20,000	17,345	2,655
Other Purchased Services	7,000	3,312	3,688
Law Enforcement/Contingency	88,000	75,866	12,134
Transfer Out	100,000	100,000	-
Total Supplies and Other Charges	<u>326,300</u>	<u>287,875</u>	<u>38,425</u>
Capital Outlay	<u>377,498</u>	<u>26,924</u>	<u>350,574</u>
Total Expenditures	<u>\$ 803,898</u>	<u>\$ 413,672</u>	<u>\$ 390,226</u>

FEDERAL REPORT



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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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, 2023, 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 March 5, 2024.

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.

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*.

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.

Zwysart John & Associates, CPAs PLLC

Nampa, Idaho
March 5, 2024