# CITY OF BELLEVUE, IDAHO

## Financial Statements

## Year Ended September 30, 2018

# CITY OF BELLEVUE, IDAHO
**Financial Statements**
**For the year ended September 30, 2018**

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# Independent Auditor's Report

June 4, 2019

To the Honorable Mayor and City Council
City of Bellevue, Idaho

***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, and the discretely presented component unit of the City of Bellevue, Idaho (City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the discretely presented component unit of the City of Bellevue, Idaho as of September 30, 2018, 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.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and public employee pension information on pages 3-11, 34 and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bellevue, Idaho's basic financial statements. The accompanying other supplementary information on page 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Workman & Company*

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Certified Public Accountants
Twin Falls, Idaho

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CITY OF BELLEVUE

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# CITY OF BELLEVUE, IDAHO
# MANAGEMENT DISCUSSION AND ANALYSIS
# FOR THE YEAR ENDED SEPTEMBER 30, 2018

The City of Bellevue, Idaho's general purpose external financial statements are presented in this report. The components of the general purpose external financial statements include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information (RSI).

## FINANCIAL HIGHLIGHTS

- The total of all fund assets of the City of Bellevue exceeded liabilities at the close of the most recent fiscal year by $ 10,502,249. Of that amount, $ 2,535,644 (unrestricted net position) may be used to meet future obligations and programs.

- General Fund Revenues were $1,262,821 and expenditures were $1,363,356.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Bellevue's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the City's net position changed during the fiscal year is presented in the Statement of Activities.

### Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds. Financial statements for the City's component unit are also presented.

### Component Unit

The City has one discretely reported component unit. The Bellevue Urban Renewal Agency is reported separately from the City's Government-wide Financial Statements. This Agency is created to improve property within the City through property tax revenues. (See Footnote 1 of the Financials)

Continued...

**Table 1: Major Features of the Basic Financial Statements**

| | Government-wide Financial Statements | Fund Financial Statements: *Governmental Funds* | Fund Financial Statements: *Proprietary Funds* |
|---|---|---|---|
| Scope | Entire City government and the City's component unit | Activities of the City that are not proprietary | Activities of the City that are operated similar to private businesses |
| Required financial statements | * Statement of net position<br>* Statement of activities | * Balance sheet<br>* Statement of revenues, expenditures, and changes in fund balances | * Statement of net assets<br>* Statement of revenues, expenses, and changes in net position<br>* Statement of cash flows |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability Information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | * Revenues for which cash is received during or soon after the end of the year<br>* Expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid. |

## Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements. Table 1 above summarizes the major features of the basic financial statements.

## CONDENSED FINANCIAL INFORMATION

### Condensed Statement of Net Position

The largest component ($ 7,616,921 of the City's net position reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not eligible for future spending. Restricted net position total $ 349,684. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, debt service requirements, or enabling legislation on how they can be used.

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The remaining portion of net assets is unrestricted, which can be used to finance government operation.

Table 2 below presents the City's condensed statement of net position as of September 30, 2018 derived from the government-wide Statement of Net Position.

**Table 2: Condensed Statement of Net Position**
**As of September 30, 2018**

| | Governmental Activities | Business-type Activities | Total Primary Government | Component Unit - Urban Renewal Agency |
|---|---|---|---|---|
| Current and other assets | $ 449,040 | $ 2,933,113 | $ 3,382,153 | $ 149,367 |
| Capital assets | 1,674,365 | 10,338,076 | 12,012,441 | |
| Total Assets | 2,123,405 | 13,271,189 | 15,394,594 | 149,367 |
| Deferred Outflows | 41,111 | 11,568 | 52,679 | 0 |
| Current Liabilities | 20,649 | 477,366 | 498,015 | |
| Long-term liabilities | 405,878 | 3,984,900 | 4,390,778 | |
| Total Liabilities | 426,527 | 4,462,266 | 4,888,793 | 0 |
| Deferred Inflows | 43,883 | 12,348 | 56,231 | 0 |
| Net position: | | | | |
| Invested in capital assets net of related debt | 1,516,987 | 6,099,934 | 7,616,921 | |
| Restricted | 404 | 349,280 | 349,684 | 149,367 |
| Unrestricted | 176,715 | 2,358,929 | 2,535,644 | |
| Total Net Position | $ 1,694,106 | $ 8,808,143 | $ 10,502,249 | $ 149,367 |

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2018 as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities decreased by $ 139,715 or 7.62% percent, and the net position of the business-type activities increased by $417,505 or 4.98%.

Continued...

**Table 3: Condensed Statement of Activities**
**As of September 30, 2018**

| | Governmental Activities | Business-type Activities | Total Primary Government | Urban Renewal Agency |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Program revenues | | | | |
| Charges for services | $ 6,240 | $ 1,463,234 | $ 1,469,474 | $ |
| Capital grants /contributions | 532 | 120,769 | 121,301 | |
| Total program revenues | 6,772 | 1,584,003 | 1,590,775 | 0 |
| General revenues | | | | |
| Taxes | 670,219 | | 670,219 | 53,470 |
| Franchise, licenses, permits | 127,780 | | 127,780 | |
| State shared revenues | 350,089 | | 350,089 | |
| Interest | 16,927 | 33,592 | 50,519 | 18 |
| Other revenues | 134,327 | 5,708 | 140,035 | |
| Total general revenues | 1,299,342 | 39,300 | 1,338,642 | 53,488 |
| Total revenues | 1,306,114 | 1,623,303 | 2,929,417 | 53,488 |
| **Program expenses:** | | | | |
| Administrative | 304,671 | | 304,671 | 1,120 |
| Planning and Zoning | 131,017 | | 131,017 | |
| Parks and recreation | 40,173 | | 40,173 | |
| Fire | 181,767 | | 181,767 | |
| Library | 88,541 | | 88,541 | |
| Marshall | 400,544 | | 400,544 | |
| Building and grounds | 34,314 | | 34,314 | |
| Streets | 255,204 | | 255,204 | |
| Shop | 9,598 | | 9,598 | |
| Wastewater | | 411,286 | 411,286 | |
| Water | | 655,092 | 655,092 | |
| Interest, long-term debt | | 139,420 | 139,420 | |
| Total program expenses | 1,445,829 | 1,205,798 | 2,651,627 | 1,120 |
| **Change in net assets** | (139,715) | 417,505 | 277,790 | 52,368 |
| Beginning net assets | 1,833,821 | 8,390,638 | 10,224,459 | 96,999 |
| Ending net assets | $ 1,694,106 | $ 8,808,143 | $ 10,502,249 | $ 149,367 |

Continued...

Program Expenses and Revenues for Governmental Activities

Table 4 below presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were therefore supported by general revenues, mainly taxes.

**Table 4: Program Expenses and Revenues for Government Activities For the Fiscal Year Ended September 30, 2018**

| | Program Expenses | Program Revenues | Net Expense (Revenues) (a) |
|---|---|---|---|
| Administrative | $ 304,671 | $ 1,585 | $ (303,086) |
| Planning and Zoning | 131,017 | 2,398 | (128,619) |
| Parks and Recreation | 40,173 | 890 | (39,283) |
| Fire | 181,767 | | (181,767) |
| Library | 88,541 | 1,899 | (86,642) |
| Marshall | 400,544 | | (400,544) |
| Building and Grounds | 34,314 | | (34,314) |
| Streets | 255,204 | | (255,204) |
| Shop | 9,598 | | (9,598) |
| Totals | $ 1,445,829 | $ 6,772 | $ (1,439,057) |

(a) Net Program Expenses are mainly supported by taxes and state shared revenues.

Program Expenses and Revenues for Business-type Activities

Table 5 below presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses.

**Table 5: Program Expenses and Revenues for Business-type Activities For the Fiscal Year Ended September 30, 2018**

| City Programs | Program Expenses | Program Revenues | Net Program Expenses (Revenues) |
|---|---|---|---|
| Water | $ 411,286 | $ 422,864 | $ 11,578 |
| Wastewater | 655,092 | 1,200,439 | 545,347 |
| Interest on long-term debt | 139,420 | | (139,420) |
| Totals | $ 1,205,798 | $ 1,623,303 | $ 417,505 |

Continued...

The City of Bellevue, Idaho adopts an annual budget. A budgetary comparison statement of Governmental Funds is provided below. In total, any negative variances are insignificant.

**Table 6: Analysis of Significant Budget Variances for Government Activities For the Fiscal Year Ended September 30, 2018**

| | Original and Final Budget | Actual | Variances |
|---|---|---|---|
| Revenues: | | | |
| Taxes (including penalties/interest) | $ 647,897 | $ 655,276 | $ 7,379 |
| Franchises, licenses, permits | 139,734 | 128,348 | (11,386) |
| State of Idaho | 399,292 | 357,144 | (42,148) |
| Fees, Charges for Services | 10,200 | 5,670 | (4,530) |
| Other | 131,000 | 116,383 | (14,617) |
| Totals | 1,328,123 | 1,262,821 | (65,302) |
| Expenditures: | | | |
| Administrative | 271,362 | 283,111 | (11,749) |
| Planning and Zoning | 131,396 | 131,017 | 379 |
| Parks and Recreation | 49,946 | 28,043 | 21,903 |
| Fire | 198,968 | 176,567 | 22,401 |
| Library | 89,338 | 87,430 | 1,908 |
| Marshall | 462,336 | 395,359 | 66,977 |
| Building and Grounds | 41,853 | 34,314 | 7,539 |
| Streets | 189,944 | 219,313 | (29,369) |
| Shop | 12,749 | 8,202 | 4,547 |
| Capital Expenditures | | | 0 |
| Totals | 1,447,892 | 1,363,356 | 84,536 |
| Excess (Deficiency) | $ (119,769) | $ (100,535) | $ 19,234 |

BUDGET VARIANCES IN THE GENERAL FUND

The changes made to the budget format have moved the City into compliance with the budget standards developed by the Government Finance Officers of America (GFOA). An analysis of budget variances this year shows that more assets were budgeted for expenditure than were expended during the current operating cycle.

Continued...

**Table 7: Comparison of Statement of Net Position**
**As of September 30, 2018 and 2017**

| | 2018 | 2017 | Percentage Change |
|---|---|---|---|
| Current Assets | $ 3,382,153 | $ 3,099,379 | 9.1236% |
| Capital Assets | 12,012,441 | 12,203,530 | -1.5659% |
| Total Assets | 15,394,594 | 15,302,909 | 0.5991% |
| Deferred Outflows of Resources | 52,679 | 54,708 | -3.7088% |
| Current Liabilities | 498,015 | 364,623 | 36.5835% |
| Long Term Liabilities | 4,390,778 | 4,713,234 | -6.8415% |
| Total Liabilities | 4,888,793 | 5,077,857 | -3.7233% |
| Deferred Inflows of Resources | 56,231 | 52,263 | 7.5924% |
| Net Position: | | | |
| Invested in Capital Assets net of related debt | 7,616,921 | 7,523,046 | 1.2478% |
| Restricted | 349,684 | 358,081 | -2.3450% |
| Unrestricted | 2,535,644 | 2,343,332 | 8.2068% |
| Total Net Position | $ 10,502,249 | $ 10,224,459 | 2.7169% |

## OVERALL ANALYSIS

Financial highlights for the City as a whole during the fiscal year ended September 30, 2018 show the assets of the City exceeded its liabilities (net position) at the close to the fiscal year by $ 10,502,249 (for governmental activities $ 1,694,106, for the business-type activities $ 8,808,143). Additionally, the City's total net position increased during the year by $ 277,790. This is due to more revenue collected and grants received compared to less expenditures during the current year. Net position of the governmental activities decreased by $ 139,715 (due to depreciation of City-wide capital assets of $81,588), while net position of business-type activities increased by $ 417,505.

Continued...

**Table 8: Changes in Fixed Assets for All Funds For the Fiscal Year Ended September 30, 2018**

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Land and Infrastructure | $ 4,568,761 | | | $ 4,568,761 |
| Buildings and Improvements | 16,560,638 | 244,005 | | 16,804,643 |
| Vehicles and Equipment | 1,253,215 | | | 1,253,215 |
| Construction in Progress | 0 | | 0 | 0 |
| Totals | 22,382,614 | 244,005 | 0 | 22,626,619 |
| Accumulated Depreciation | (10,179,084) | (435,092) | | (10,614,176) |
| Net Book Value | $ 12,203,530 | | | $ 12,012,443 |

## CAPITAL ASSET AND LONG-TERM, ACTIVITY

### Capital Asset Activity

At September 30, 2018, the City reported $1,674,365 in capital assets for governmental activities and $10,338,076 in capital assets for business-type activities.

### Long-term Debt Activity

See Note 4 of the financial statements for information on the City's long-term debt.

## FUNDS ANALYSIS

Funds that experienced significant changes during the year are as follows:

### Governmental funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of $434,820. The fund balance decreased $ 100,535 during the fiscal year. The decrease is the result of $1,262,821 of revenues reduced by $ 1,363,356 of expenditures. The decrease in fund balance follows a fund balance decrease of $ 7,889 in FY 2017. The positive trends in the City's governmental fund results from a continuation of fiscal policies designed to limit spending and preserve and strengthen the City's financial position during uncertain economic times. This ongoing accomplishment is due to the commitment and determination of the City Council and staff to make prudent financial decisions while also seeking to preserve levels of service to the community by continually pursuing and implementing cost savings and efficiencies in operations.

Continued…

## REQUESTS FOR INFORMATION

Requests for information regarding City finances should be directed to:

Marian Edwards
City Clerk/Treasurer
City of Bellevue, Idaho
P.O. Box 825
Bellevue, Idaho, 83313
Telephone: (208) 788-5351

**CITY OF BELLEVUE, IDAHO**
**Statement of Net Position**
**at September 30, 2018**

| | Governmental Activities | Business-type Activities | Total Primary Government | Component Unit Urban Renewal Agency |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Deposits | $ 205,933 | $ 2,430,695 | $ 2,636,628 | |
| Accounts Receivable | | 153,138 | 153,138 | |
| Taxes Receivable | 15,389 | | 15,389 | |
| Due From Other Governments | 91,043 | | 91,043 | |
| Restricted and Asssigned Cash | 404 | 349,280 | 349,684 | $ 149,367 |
| Due From Other Funds | 136,271 | | 136,271 | |
| Totals | 449,040 | 2,933,113 | 3,382,153 | 149,367 |
| Capital Assets: | | | | |
| Land | 717,340 | | 717,340 | |
| Infrastructure | 3,851,421 | | 3,851,421 | |
| Buildings and Improvements | 752,432 | 16,052,210 | 16,804,642 | |
| Equipment and Vehicles | 891,788 | 361,426 | 1,253,214 | |
| Accumulated Deprecation | (4,538,616) | (6,075,560) | (10,614,176) | |
| Total Capital Assets | 1,674,365 | 10,338,076 | 12,012,441 | 0 |
| **Total Assets** | 2,123,405 | 13,271,189 | 15,394,594 | 149,367 |
| Deferred Outflows of Resources: | | | | |
| Deferred Outflows from Pension Activity | 41,111 | 11,568 | 52,679 | 0 |
| **LIABILITIES** | | | | |
| Accounts and Payroll Liabilities Payable | 4,984 | 13,876 | 18,860 | |
| Interest Payable | | 50,708 | 50,708 | |
| Refundable User Deposits | 1,346 | | 1,346 | |
| Due To Other Funds | | 136,272 | 136,272 | |
| Long-term Liabilities: | | | | |
| Portion due or payable within one year: | | | | |
| Loans Payable | 14,319 | 276,510 | 290,829 | |
| Portion due or payable after one year: | | | | |
| Loans Payable | 143,059 | 3,910,924 | 4,053,983 | |
| Net Pension Liability | 235,132 | 66,166 | 301,298 | |
| Compensated Absences | 27,687 | 7,810 | 35,497 | |
| **Total Liabilities** | 426,527 | 4,462,266 | 4,888,793 | 0 |
| Deferred Inflows of Resources: | | | | |
| Deferred Inflows from Pension Activity | 43,883 | 12,348 | 56,231 | 0 |
| **NET POSITION** | | | | |
| Invested in Capital Assets - net of related debt | 1,516,987 | 6,099,934 | 7,616,921 | |
| Restricted For: | | | | |
| Debt Service | | 349,280 | 349,280 | |
| Other Purposes | 404 | | 404 | 149,367 |
| Unrestricted | 176,715 | 2,358,929 | 2,535,644 | |
| **Total Net Position** | $ 1,694,106 | $ 8,808,143 | $ 10,502,249 | $ 149,367 |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Statement of Activities**
**For the Year Ended September 30, 2018**

| Activities: | Expenses | Program Revenues: Fees, Fines, and Charges for Services | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenues and Changes in Net Position: Governmental Activities | Net (Expense) Revenues and Changes in Net Position: Business Type Activities | Net (Expense) Revenues and Changes in Net Position: Total | Component Unit - Urban Renewal Agency |
|---|---|---|---|---|---|---|---|
| **Governmental:** | | | | | | | |
| Administrative | $ 304,671 | $ 1,585 | $ | $ (303,086) | | $ (303,086) | |
| Planning and Zoning | 131,017 | 2,398 | | (128,619) | | (128,619) | |
| Parks and Recreation | 40,173 | 540 | 350 | (39,283) | | (39,283) | |
| Fire | 181,767 | | | (181,767) | | (181,767) | |
| Library | 88,541 | 1,717 | 182 | (86,642) | | (86,642) | |
| Marshall | 400,544 | | | (400,544) | | (400,544) | |
| Building and Grounds | 34,314 | | | (34,314) | | (34,314) | |
| Streets | 255,204 | | | (255,204) | | (255,204) | |
| Shop | 9,598 | | | (9,598) | | (9,598) | |
| Total Governmental Activities | 1,445,829 | 6,240 | 532 | (1,439,057) | | (1,439,057) | |
| **Business Type:** | | | | | | | |
| Water | 411,286 | 416,362 | | | $ 5,076 | 5,076 | |
| Wastewater | 655,092 | 1,046,872 | 120,769 | | 512,549 | 512,549 | |
| Interest - on long-term debt | 139,420 | | | | (139,420) | (139,420) | |
| Total Business-type Activities | 1,205,798 | 1,463,234 | 120,769 | | 378,205 | 378,205 | |
| Total City of Bellevue, Idaho | $ 2,651,627 | $ 1,469,474 | $ 121,301 | (1,439,057) | 378,205 | (1,060,852) | |
| Component Units: | | | | | | | |
| Urban Renewal Agency | $ 1,120 | | | | | | $ (1,120) |
| Total | | | | | | | (1,120) |
| General Revenues: | | | | | | | |
| State of Idaho liquor receipts | | | | 70,300 | | 70,300 | |
| State highway user collections | | | | 82,816 | | 82,816 | |
| State of Idaho shared revenue | | | | 155,013 | | 155,013 | |
| County Revenue Sharing | | | | 41,960 | | 41,960 | |
| Franchises, licenses, permits | | | | 127,780 | | 127,780 | |
| City Property Assessments | | | | 670,219 | | 670,219 | 53,470 |
| Administrative Fees Water/Wastewater | | | | 95,000 | | 95,000 | |
| Earnings on investments | | | | 16,927 | 33,592 | 50,519 | 18 |
| County court fines | | | | 2,945 | | 2,945 | |
| Miscellaneous | | | | 980 | | 980 | |
| Gain (Loss) on Pension Activity | | | | 35,402 | 5,708 | 41,110 | |
| Total general revenues and transfers | | | | 1,299,342 | 39,300 | 1,338,642 | 53,488 |
| Changes in net position | | | | (139,715) | 417,505 | 277,790 | 52,368 |
| Net Position - Beginning | | | | 1,833,821 | 8,390,638 | 10,224,459 | 96,999 |
| Net Position - Ending | | | | $ 1,694,106 | $ 8,808,143 | $ 10,502,249 | $ 149,367 |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Balance Sheet**
**Governmental Funds**
**for the year ended September 30, 2018**

| | General Fund | Total |
|---|---|---|
| **ASSETS:** | | |
| Cash and Cash Deposits | $ 205,933 | $ 205,933 |
| Taxes and Other Receivables | 15,389 | 15,389 |
| Due From Other Governments | 91,043 | 91,043 |
| Due From Other Funds | 136,271 | 136,271 |
| Restricted Cash | 404 | 404 |
| Total Assets | $ 449,040 | 449,040 |
| **LIABILITIES:** | | |
| Accounts Payable | 4,984 | 4,984 |
| Accrued Payroll Expenses | | 0 |
| Refundable User Deposits | 1,347 | 1,347 |
| Total Liabilities | 6,331 | 6,331 |
| **FUND BALANCE:** | | |
| Non-spendable | 0 | 0 |
| Restricted | 404 | 404 |
| Committed | 0 | 0 |
| Assigned | 0 | 0 |
| Unassigned | 442,305 | 442,305 |
| Total Fund Balance | 442,709 | 442,709 |
| Total Liabilities and Fund Balance | $ 449,040 | |

Amounts reported for governmental activities in the Statement of Net Position (page 12) are different because:

| | |
|---|---|
| Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is $ 6,212,981 and the accumulated depreciation is $ 4,538,616 | 1,674,365 |
| Long-term liabilities, net pension liabilities, and compensated absences are not payable in the current period and therefore are not reported in the governmental funds. | (422,968) |
| Net Position of Governmental Funds | $ 1,694,106 |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Governmental Funds**
**for the year ended September 30, 2018**

| | General Fund | Totals |
|---|---|---|
| **REVENUE:** | | |
| State of Idaho liquor receipts | $ 70,300 | $ 70,300 |
| State highway user collections | 82,816 | 82,816 |
| State of Idaho shared revenue | 155,014 | 155,014 |
| County Revenue Sharing | 49,014 | 49,014 |
| Franchises, licenses, permits | 128,348 | 128,348 |
| City Property Assessments | 655,276 | 655,276 |
| Administrative Fees Water/Wastewater | 95,000 | 95,000 |
| Earnings on investments | 16,927 | 16,927 |
| Fees, fines and charges for services | 5,670 | 5,670 |
| Grants and contributions | 532 | 532 |
| County court fines | 2,945 | 2,945 |
| Miscellaneous | 979 | 979 |
| Total Revenue | 1,262,821 | 1,262,821 |
| **EXPENDITURES:** | | |
| Administrative | 283,111 | 283,111 |
| Planning and Zoning | 131,017 | 131,017 |
| Parks and Recreation | 28,043 | 28,043 |
| Fire | 176,567 | 176,567 |
| Library | 87,430 | 87,430 |
| Marshall | 395,359 | 395,359 |
| Building and Grounds | 34,314 | 34,314 |
| Streets | 219,313 | 219,313 |
| Shop | 8,202 | 8,202 |
| Capital Expenditures | | 0 |
| Total Expenditures | 1,363,356 | 1,363,356 |
| **EXCESS REVENUE (EXPENDITURES)** | (100,535) | (100,535) |
| OTHER FINANCING SOURCES (USES): | | |
| Operating transfers from other funds | | |
| Operating transfers (to) other funds | | |
| NET CHANGE IN FUND BALANCES | (100,535) | (100,535) |
| FUND BALANCE - BEGINNING | 535,355 | 535,355 |
| FUND BALANCE - ENDING | $ 434,820 | $ 434,820 |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Reconciliation of the Statement of Revenues,**
**Expenditures, and Changes in Fund Balances of Governmental Funds**
**To the Statement of Activities**
**for the year ended September 30, 2018**

| | |
|---|---|
| Net Change in Fund Balance - Total Governmental Funds (Page 15) | $ (100,535) |
| Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets. | |
| This is the amount of current year depreciation. | (81,588) |
| This is the amount of new Governmental Fund assets. | 0 |
| This is the amount of disposed of Governmental Fund assets. | 0 |
| Long term liabilities are not recorded in the Governmental funds. Capital lease payments are expensed in the period that the payments are paid. Capital leases are recorded as liabilities in the Statement of Net Position. Current year payments reduce the amount of the debt. | |
| This is the amount of current year payments of capital leases and capital costs. | 13,983 |
| Net pension activity in the current period is not recorded in Governmental funds. | |
| This is the net gain (loss) from current pension activity | 35,402 |
| Liability for personal leave days are not recorded in Governmental funds. | |
| This is the increase in compensated leave during the year. | (6,977) |
| Change in Net Position of Governmental Activities (Page 13) | $ (139,715) |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Statement of Net Position**
**Proprietary Funds**
**at September 30, 2018**

| | Water | Wastewater | Totals |
|---|---|---|---|
| **Assets:** | | | |
| Current Assets: | | | |
| Cash and Deposits | $ 520,867 | $ 1,909,828 | $ 2,430,695 |
| Accts receivable - customers | 42,214 | 110,924 | 153,138 |
| Accts receivable - other govts. | | | 0 |
| | 563,081 | 2,020,752 | 2,583,833 |
| **Restricted Current Assets:** | | | |
| Cash and Deposits | 0 | 349,280 | 349,280 |
| Total Current Assets | 563,081 | 2,370,032 | 2,933,113 |
| **Capital Assets:** | | | |
| Plant and equipment | 4,389,754 | 12,023,882 | 16,413,636 |
| Accumulated depreciation | (2,112,630) | (3,962,930) | (6,075,560) |
| Net Plant and equipment | 2,277,124 | 8,060,952 | 10,338,076 |
| **Total Assets** | 2,840,205 | 10,430,984 | 13,271,189 |
| **Deferred Outflows of Resources:** | | | |
| Deferred Outflows from Pension Activity | 6,125 | 5,443 | 11,568 |
| **Liabilities:** | | | |
| Current Liabilities: | | | |
| Accounts and Wages Payable | 2,019 | 11,857 | 13,876 |
| Interest Payable | | 50,708 | 50,708 |
| Current portion long-term debt | | 276,510 | 276,510 |
| Total current liabilities | 2,019 | 339,075 | 341,094 |
| **Noncurrent Liabilities:** | | | |
| Loans Payable | | 3,910,924 | 3,910,924 |
| Net Pension Liability | 35,033 | 31,133 | 66,166 |
| Due to Other Funds | 11,807 | 124,465 | 136,272 |
| Compensated Absences Payable | 4,260 | 3,550 | 7,810 |
| Total noncurrent liabilities | 51,100 | 4,070,072 | 4,121,172 |
| **Total Liabilities** | 53,119 | 4,409,147 | 4,462,266 |
| **Deferred Inflows of Resources:** | | | |
| Deferred Inflows from Pension Activity | 6,538 | 5,810 | 12,348 |
| **Net Position:** | | | |
| Investment in capital assets net of related debt | 2,277,124 | 3,822,810 | 6,099,934 |
| Restricted | 0 | 349,280 | 349,280 |
| Unrestricted | 509,549 | 1,849,380 | 2,358,929 |
| **Total Net Position** | $ 2,786,673 | $ 6,021,470 | $ 8,808,143 |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Statement of Revenues, Expenditures, and Changes in Net Position**
**Proprietary Funds**
**for the year ended September 30, 2018**

| | Water | Wastewater | Totals |
|---|---|---|---|
| **Operating Revenues:** | | | |
| Charges for services | $ 415,130 | $ 1,046,150 | $ 1,461,280 |
| Hookups and connections | | | 0 |
| Reimbursements and Misc. | 1,232 | 722 | 1,954 |
| Total Operating Revenue | 416,362 | 1,046,872 | 1,463,234 |
| **Operating Expenses:** | | | |
| Salaries and benefits | 117,920 | 98,702 | 216,622 |
| Administrative and supplies | 200,044 | 296,208 | 496,252 |
| Depreciation | 93,322 | 260,182 | 353,504 |
| Total Operating Expenses | 411,286 | 655,092 | 1,066,378 |
| **Operating Income** | 5,076 | 391,780 | 396,856 |
| **Nonoperating Revenues (Expenses):** | | | |
| Interest Income | 8,718 | 24,874 | 33,592 |
| Interest Expense | | (139,420) | (139,420) |
| Gain (Loss) on Pension Activity | (2,216) | 7,924 | 5,708 |
| Grants | | 120,769 | 120,769 |
| Total Nonoperating | 6,502 | 14,147 | 20,649 |
| **Income before transfers** | 11,578 | 405,927 | 417,505 |
| Transfers in | | | 0 |
| Transfers out | | | 0 |
| **Net Income** | 11,578 | 405,927 | 417,505 |
| **Total Net Position - Beginning** | 2,775,095 | 5,615,543 | 8,390,638 |
| **Total Net Position - Ending** | $ 2,786,673 | $ 6,021,470 | $ 8,808,143 |

The accompanying notes are a part of these financial statements.

**CITY OF BELLEVUE, IDAHO**
**Statement of Cash Flows**
**Proprietary Funds**
**for the year ended September 30, 2018**

| | Water Fund | Wastewater Fund | Total |
|---|---|---|---|
| **Cash Flows From Operating Activities:** | | | |
| Receipts from customers | $ 427,761 | $ 1,060,173 | $ 1,487,934 |
| Payments to suppliers | (191,923) | (173,856) | (365,779) |
| Payments to employees | (117,920) | (98,702) | (216,622) |
| Payments from (to) other funds | | | |
| Other receipts | 1,232 | 121,491 | 122,723 |
| Net cash provided (used) by operations | 119,150 | 909,106 | 1,028,256 |
| **Cash Flows From Capital and Related Financing Activities:** | | | |
| Purchase and construction of capital assets | (124,957) | (119,048) | (244,005) |
| Amounts provided from capital debt | | | 0 |
| Principal paid on capital debt | | (267,738) | (267,738) |
| Interest paid on capital debt | | (142,662) | (142,662) |
| Net cash provided (used) by capital and related financing activities | (124,957) | (529,448) | (654,405) |
| **Cash Flows From Investing Activities:** | | | |
| Interest Income | 8,718 | 24,874 | 33,592 |
| **Net Increase (Decrease) in Cash and Deposits** | 2,911 | 404,532 | 407,443 |
| **Balances - Beginning of the year** | 517,956 | 1,854,576 | 2,372,532 |
| **Balances - Ending of the year** | $ 520,867 | $ 2,259,108 | $ 2,779,975 |
| Displayed as: | | | |
| Pooled Cash and Investments | 520,867 | 1,909,828 | 2,430,695 |
| Restricted Assets | | 349,280 | 349,280 |
| **Balances - Ending of the year** | $ 520,867 | $ 2,259,108 | $ 2,779,975 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:** | | | |
| Operating Income | 5,076 | 391,780 | 396,856 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | |
| Grant Receipts and Transfers | | 120,769 | 120,769 |
| Depreciation expense | 93,322 | 260,182 | 353,504 |
| Changes in assets and liabilities: | | | |
| Receivables, net | 12,631 | 14,023 | 26,654 |
| Accounts and other payables | 8,121 | 122,352 | 130,473 |
| **Net Cash Provided (Used) by Operating Activities** | $ 119,150 | $ 909,106 | $ 1,028,256 |

The accompanying notes are a part of these financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bellevue, Idaho was incorporated by charter on February 8, 1883. The City operates under a Mayor-Common Council form of government and provides the following services to the residents of Bellevue, Blaine County, Idaho: public safety, public works, recreation, and community development. The City also provides water and wastewater services which are financed by user charges. The accounting policies of the City of Bellevue, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Bellevue, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

### (A) Basis of Presentation – Basis of Accounting

**Basis of Presentation:**

For this reporting period, the City has conformed its financial statement model to *Governmental Auditing Standards Board (GASB) Statement No. 34*. This model presents the financial statements as follows:

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government (the City). These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*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.

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

-Continued

The City reports the following governmental funds:

*General Fund.* This is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following enterprise funds:

*Water and Wastewater Funds.* These funds accounts for the operation, maintenance, and development of the City's water and waste-water facilities.

**Discretely Presented Component Unit**

The component unit column in the financial statements includes the financial data of the City's only discretely presented component unit, the Bellevue Urban Renewal Agency. It is reported in a separate column to emphasize that it is separate from the City's operations. The Agency was formed in December of 2007 under provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code). The Agency is designed to raise money (through tax incremental financing) over the next several decades for City improvements based on a projected increase in property values in the downtown area.

**Measurement Focus, Basis of Accounting**

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic 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 gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

*Budgets and Budgetary Accounting.* The City adheres to City budget requirements in Title 50, Chapter 10 of the Idaho Code. The provisions of this chapter include the following procedures to establish budgetary data which is reflected in these financial statements:

-continued

A. Prior to certifying the tax levy to the county commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.
B. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Uncommitted appropriations lapse at year end.
C. There are no provisions in Title 50, Chapter 10 for budget augmentations.

*Entity Classifications.*

A. City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.

B. Fund Financial Statements – The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments' highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by governing body or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

*Allocation of Indirect Expenses.* The City allocates indirect expense, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged

-Continued

to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions with public services and parks.

*Use of Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(B) Assets, Liabilities, and Equity**

**Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the State of Idaho Treasurer's Office for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30 of each year based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Deposits". Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

**Cash and Deposits**

The City considers cash and deposits in proprietary funds to be cash on hand. In addition, because the State Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a deposit.

**Receivables and Payable**

All trade and property tax receivables are shown net of an allowance for uncollectibles. Amounts due from other governments are shown in total. Accounts and accrued expenses payable are stated at cost and are recognized liabilities for goods and services rendered to the City as of September 30.

**Property Tax Calendar**

Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The Blaine County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

**Capital Assets**

Purchased or constructed capital assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. They are reported net of accumulated depreciation on the Statement of Net Position. The City capitalizes assets in excess of $5,000.

Under the requirements of *GASB Statement No. 34*, the City is considered a Phase 3 government, as its total annual revenues are less than $10 million. Such governments are not required to report major general infrastructure assets retroactively. Accordingly, the City has determined not to retroactively report this type of capital asset.

-Continued

Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over the following estimated useful lives:

| Asset Class | Estimated Useful Lives |
|---|---|
| Infrastructure | 30 |
| Building Improvements | 50 |
| Vehicles | 2-15 |
| Office and Other Equipment | 3-15 |

**Compensated Absences**

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

**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.

**Deferred Outflows/Inflows of Resources**

In 2007, the Governmental Accounting Standards Board (GASB) released Concepts Statement No. 4 *Elements of Financial Statements* which provides a framework for determining the nature of financial accounting or reporting issues. Since the release of the framework, GASB has been looking at the assets and liabilities on the balance sheet to determine if they should continue to be reflected as such. GASB has concluded that, in order to improve financial reporting, there are assets and liabilities that no longer should be reflected as assets and liabilities. These changes are included in the recently-issued GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities.*

These changes include two new items that are reflected on the Statement of Net Position.

- Deferred outflow of resources – the current *consumption* of net assets that is applicable to a *future* reporting period.
- Deferred inflows of resources – the current *acquisition* of net assets that is applicable to a *future* reporting period.

-Continued

The City's financial statements may report a separate section for deferred inflows of resources which reflects an increase in resources that applies to a future period.

## NOTE 2 – CASH AND DEPOSITS

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, none of the City's bank balances were exposed to custodial credit risk because it was uninsured by the FDIC.

*Investments:* Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

| Investment Type | |
|---|---|
| Idaho State Local Government Investment Pool | $ 2,477,621 |
| Idaho State Local Government Diversified Bond Fund | 226,664 |

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the City's position in the external investment pool is the same as the value of the pool shares.

*Credit Risk:* The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

*Interest rate risk and concentration* of *credit risk:* The City has no policy regarding these two investment risk categories.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

-Continued

| | |
|---|---|
| Demand deposits | $ 282,027 |
| State of Idaho Diversified Bond Fund | 226,664 |
| State of Idaho Investment Pool | 2,477,621 |
| Total | $2,986,312 |

## NOTE 3 – CAPITAL ASSETS

Capital asset activity for the current year ended was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| *Capital Assets not being depreciated:* | | | | |
| Land | $ 717,340 | $ | $ | $ 717,340 |
| Construction in Progress | | | | |
| Total | 717,340 | 0 | 0 | 717,340 |
| *Capital Assets being depreciated:* | | | | |
| Buildings & Improvements | 752,432 | | | 752,432 |
| Infrastructure | 3,851,421 | | | 3,851,421 |
| Vehicles and Equipment | 891,788 | | | 891,788 |
| Total | 5,495,641 | 0 | 0 | 5,495,641 |
| Less: Accumulated Depreciation: | 4,457,027 | 81,588 | | 4,538,615 |
| Total Net Depreciated Assets | 1,038,614 | (81,588) | 0 | 957,026 |
| Governmental capital assets, net | $ 1,755,954 | $ (81,588) | $ 0 | $ 1,674,366 |
| **Business-type activities:** | | | | |
| *Capital Assets not being depreciated:* | | | | |
| Land | $ | $ | $ | $ 0 |
| Construction in Progress | | | | 0 |
| Total | 0 | 0 | 0 | 0 |
| *Capital Assets being depreciated:* | | | | |
| Buildings & Improvements | 15,808,205 | 244,005 | | 16,052,210 |
| Vehicles and Equipment | 361,427 | | | 361,427 |
| Total | 16,169,632 | 244,005 | 0 | 16,413,637 |
| Less: Accumulated Depreciation | 5,722,056 | 353,504 | | 6,075,560 |
| Total Net Depreciated Assets | 10,447,576 | (109,499) | 0 | 10,338,077 |
| **Business-type capital assets, net** | $ 10,447,576 | $ (109,499) | $ 0 | $ 10,338,077 |

-Continued

## NOTE 4 - LOANS PAYABLE

In November of 2010, the City acquired $ 6,000,000 under a loan agreement with the Idaho Department of Health and Welfare for improvements to the wastewater treatment facility. The loan is secured by revenue bonds and is being repaid in semi-annual payments at 3.25%.

The following is a list of the interest and principal payments through the end of the loans:

| | Wastewater Loan 2010 | |
|---|---|---|
| FY | Interest | Principal |
| 2019 | $ 133,890 | $ 276,510 |
| 2020 | 125,166 | 285,234 |
| 2021 | 115,485 | 294,915 |
| 2022 | 105,823 | 304,577 |
| 2023 | 95,844 | 314,557 |
| 2024-2031 | 366,319 | 2,711,642 |
| Total | $ 942,527 | $4,187,435 |

## NOTE 5 – LITIGATION

The City, at the financial statement date, is not involved any litigation. No material amount of liability exists with the City.

## NOTE 6 – RESTRICTED NET ASSETS

The Sewer Revenue Bond Ordinance for the 2010 loan provides for the creation of a debt service reserve in connection with the issuance of revenue bonds for the upgraded wastewater treatment facility. A separate account in the Idaho State Treasurer's Investment Pool presently has a balance of $ 349,280. As provided by the rate ordinances, sewer capitalization fees are to be deposited into a fund for purpose of replacing the existing system facilities and equipment. The City also has deposited "in lieu fees" and certain donated amounts in restricted or assigned cash accounts in the amount of $ 404.

## NOTE 7 – RISK MANAGEMENT

A City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the City is contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance and the State Insurance Fund for workman's compensation. Under the terms of the ICRMP policy, the City of Bellevue's liability is limited to the amount of annual financial membership contributions, including a per occurrence deductible. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

-Continued

## NOTE 8 – EMPLOYEE RETIREMENT PLAN

*Plan Description*

The City of Bellevue contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

*Pension Benefits*

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

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

*Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of employer rate for general employees and 72% for police and firefighters. As of June 30, 2018, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City's contributions were $ 81,476 for the year ended September 30, 2018.

-Continued

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

At September 30, 2018, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the City's proportion was 0.0204267 percent.

For the year ended September 30, 2018, the City recognized pension (expense) revenue of $41,110. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| | | |
| Differences between expected and actual experience | $ 33,074 | $ 33,476 |
| Changes in assumptions or other inputs | $ 19,605 | |
| Net difference between projected and actual earnings on pension plan investments | $ 0 | $ 22,755 |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | $ (20,369) | |
| City's contributions subsequent to the measurement date | $ 20,369 | |
| Total | $ 52,679 | $ 56,231 |

$ 20,369 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, 2019.

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, 2017 the beginning of the measurement period ended June 30, 2018 is 4.9 and 5.5 for the measurement period June 30, 2018.

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:

-Continued

**Year ended September 30, 2018:**

| | |
|---|---|
| 2018 | $ (23,128) |
| 2019 | $ 24 492 |
| 2020 | $ 2,886 |
| 2021 | $ (24,689) |
| 2022 and Thereafter | $ (6,240) |

*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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.25% |
| Salary increases | 4.25 – 10.00% |
| Salary inflation | 3.75% |
| Investment rate of return | 7.10%, net of investment expenses |
| Cost-of-living adjustments | 1% |

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

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.

-Continued

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 January 1, 2017.

**Capital Market Assumptions**

| | Expected Return | Expected Risk | Strategic Normal | Strategic Ranges |
|---|---|---|---|---|
| Equities: | | | 70% | 66%-77% |
| Broad Domestic Equity | 9.15% | 19.00% | 55% | 50%-65% |
| International | 9.25% | 20.20% | 15% | 10%-20% |
| Fixed Income: | 3.05% | 3.75% | 30% | 23%-33% |
| Cash | 2.25% | 0.90% | 0% | 0%-5% |

| | Expected Return | Expected Inflation | Expected Real Return | Expected Risk |
|---|---|---|---|---|
| **Total Fund** | | | | |
| Actuary | 7.00% | 3.25% | 3.75% | N/A |
| Portfolio | 6.58% | 2.25% | 4.33% | 12.67% |

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions:

| | |
|---|---|
| Assumed Inflation - Standard Deviation | 3.25% |
| Portfolio Arithmetic Mean Return | 2.00% |
| | 8.42% |
| Portfolio Long-Term Expected Geometric Rate of Return | |
| Assumed Investment Expenses | 7.50% |
| **Long-Term Expected Geometric Rate of Return Net of Investment Expenses** | 0.40% |
| | 7.10% |

-Continued

*Discount Rate*

The discount rate used to measure the total pension liability was 7.10%. 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 7.10%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

| | **1% Decrease (6.10%)** | **Current Discount Rate (7.10%)** | **1% Increase (8.10%)** |
|---|---|---|---|
| Employer's proportionate share of the net pension liability (asset) | $ 331,428 | $ 301,298 | $ 271,168 |

*Pension plan fiduciary net position*

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

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

*Payables to the pension plan*

At September 30, 2018, the City reported payables to the defined benefit pension plan of $ 0 for legally required employer contributions and $ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

## NOTE 9 – LOANS PAYABLE

On March 7, 2012 the City entered into a financing capital lease for the purchase of new fire truck. The lease is payable in equal annual installments of $ 21,169. The lease is capitalized in the statement of net position in the amount of $157,378 and will be expensed annually in the funds.

## NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

# Required

# Supplementary Information

**CITY OF BELLEVUE, IDAHO**
**Schedule of Revenues, Expenditures and Changes in Fund Balances**
**Budget and Actual -- General Fund**
**for the year ended September 30, 2018**

| | Original and Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|
| REVENUE: | | | |
| State of Idaho liquor receipts | $ 121,763 | $ 70,300 | $ (51,463) |
| State highway user collections | 103,794 | 82,816 | (20,978) |
| State of Idaho shared revenue | 121,763 | 155,014 | 33,251 |
| County Revenue Sharing | 51,972 | 49,014 | (2,958) |
| Franchises, licenses, permits | 139,734 | 128,348 | (11,386) |
| City Property Assessments | 647,897 | 655,276 | 7,379 |
| Administrative Fees Water/Wastewater | 95,000 | 95,000 | 0 |
| Earnings on investments | 8,500 | 16,927 | 8,427 |
| Fees, fines and charges for services | 10,200 | 5,670 | (4,530) |
| Grants and contributions | 5,000 | 532 | (4,468) |
| County court fines | 14,000 | 2,945 | (11,055) |
| Miscellaneous | 8,500 | 979 | (7,521) |
| Total Revenue | 1,328,123 | 1,262,821 | (65,302) |
| EXPENDITURES: | | | |
| Administrative | 271,362 | 283,111 | (11,749) |
| Planning and Zoning | 131,396 | 131,017 | 379 |
| Parks and Recreation | 49,946 | 28,043 | 21,903 |
| Fire | 198,968 | 176,567 | 22,401 |
| Library | 89,338 | 87,430 | 1,908 |
| Marshall | 462,336 | 395,359 | 66,977 |
| Building and Grounds | 41,853 | 34,314 | 7,539 |
| Streets | 189,944 | 219,313 | (29,369) |
| Shop | 12,749 | 8,202 | 4,547 |
| Capital Expenditures | | | 0 |
| Total Expenditures | 1,447,892 | 1,363,356 | 84,536 |
| EXCESS REVENUE (EXPENDITURES) | (119,769) | (100,535) | 19,234 |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers from other funds | | | 0 |
| Operating transfers (to) other funds | | | 0 |
| NET CHANGE IN FUND BALANCES | (119,769) | (100,535) | 19,234 |
| FUND BALANCE - BEGINNING | 535,355 | 535,355 | |
| FUND BALANCE - ENDING | $ 415,586 | $ 434,820 | $ 19,234 |

**CITY OF BELLEVUE, IDAHO**
**PUBLIC EMPLOYEE PENSION INFORMATION**
**For the year ended September 30, 2018**

**Required Supplementary Information**

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

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Employer's portion of the net pension liability | .0204267% | .0221655% | .0219022% | .0156724% |
| Employer's proportionate share of the net pension liability | $ 301,297 | $ 348,404 | $ 443,991 | $ 206,380 |
| Employer's covered-employee payroll | 719,144 | 713,441 | 671,267 | 435,150 |
| Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | 41.90% | 48.83% | 66.14% | 47.43% |
| Plan fiduciary net position as a percentage of the total pension liability | 3485.68% | 2934.66% | 2144.66% | 459.65% |

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

Data reported is measured as of June 30, 2018

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

| | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|
| Statutorily required contributions | $ 81,476 | $ 77,932 | $ 88,119 | $ 56,998 |
| Contributions in relation to the statutorily required contribution | (81,476) | (77,932) | (88,119) | (56,998) |
| Contribution (deficiency) excess | 0 | 0 | 0 | 0 |
| Employer's covered-employee payroll | 719,144 | 713,441 | 671,267 | 435,150 |
| Contributions as a percentage of covered-employee payroll | 11.33% | 10.92% | 13.13% | 13.10% |

# Other

# Supplementary Information

**CITY OF BELLEVUE, IDAHO**
**Bond-Future Principal and Interest Requirements**
**at September 30, 2018**

| | Annual Payment | | | |
|---|---|---|---|---|
| | Interest Rate | Fiscal Year | Principal Payment | Interest Payment |
| City of Bellevue Blaine County Sewer Construction Loan | | | | |
| Waste Water Treatment Plant Revolving Promissory Note Series 2010 $6,000,000, November 17, 2010 3.25% per annum | 3.25% | 2019 | $ 276,510 | $ 133,890 |
| | 3.25% | 2020 | 285,234 | 125,166 |
| | 3.25% | 2021 | 294,915 | 115,485 |
| | 3.25% | 2022 | 304,577 | 105,823 |
| | 3.25% | 2023 | 314,557 | 95,844 |
| | 3.25% | 2024 | 324,636 | 85,764 |
| | 3.25% | 2025 | 335,499 | 74,901 |
| | 3.25% | 2026 | 346,491 | 63,909 |
| | 3.25% | 2027 | 357,844 | 52,556 |
| | 3.25% | 2028 | 369,465 | 40,935 |
| | 3.25% | 2029 | 381,673 | 28,726 |
| | 3.25% | 2030 | 394,179 | 16,221 |
| | 3.25% | 2031 | 201,855 | 3,307 |
| | | | $ 4,187,435 | $ 942,527 |

The accompanying notes are a part of these financial statements.

WORKMAN & COMPANY | Office of Accounting

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

June 4, 2019

To the Honorable Mayor and City Council
City of Bellevue, 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 City of Bellevue, Idaho (City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Bellevue, Idaho's basic financial statements, and have issued our report thereon dated June 4, 2019.

### *Internal Control Over Financial Reporting*

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 that a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Workman & Company*

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho