

**CITY OF ROBERTS
ROBERTS, IDAHO**

**BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTAL INFORMATION
WITH
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING
SEPTEMBER 30, 2021**

CITY OF ROBERTS

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Year Ended September 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Roberts, Idaho
Roberts, ID 83444

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Roberts as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Roberts's basic financial statements as listed in the table of contents.

Management's Responsibility of 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 the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 23 and the schedules of employer's share of net pension liability and of employer contribution on pages 24-25 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 the 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 of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis (MD&A) which is management's analysis of the City's financial activities based on currently known facts, decisions, or conditions, that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of City of Robert's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants

Idaho Falls, ID
February 08, 2022

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF ROBERTS
Statement of Net Position
September 30, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash on hand and on deposit.....	\$ 335,479	\$ 468,632	\$ 804,111
Cash, restricted for bond.....	-	145,988	145,988
Account receivable (net).....	41,336	50,142	91,478
Allowance for doubtful accounts.....	-	(4,266)	(4,266)
Prepaid expenses.....	587	-	587
Net pension asset.....	1,101	734	1,835
Capital assets, net of depreciation.....	1,670,422	3,191,996	4,862,418
Capital assets, non-depreciable.....	18,400	14,800	33,200
Total assets.....	<u>\$ 2,067,325</u>	<u>\$ 3,868,026</u>	<u>\$ 5,935,351</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows.....	<u>\$ 17,640</u>	<u>\$ 11,760</u>	<u>\$ 29,400</u>
LIABILITIES			
Current liabilities			
Accounts payable.....	\$ -	\$ 12,034	\$ 12,034
Salaries & benefits payable.....	7,918	-	7,918
Unearned revenue.....	-	68,508	68,508
Current bond payable.....	-	46,910	46,910
Net pension liability.....	-	-	-
Total current liabilities.....	<u>\$ 7,918</u>	<u>\$ 127,452</u>	<u>\$ 135,370</u>
Long term debt			
Compensated absences.....	\$ 2,307	\$ 2,308	\$ 4,615
Bonds payable.....	-	1,104,013	1,104,013
Total noncurrent liabilities.....	<u>\$ 2,307</u>	<u>\$ 1,106,321</u>	<u>\$ 1,108,628</u>
Total liabilities.....	<u>\$ 10,225</u>	<u>\$ 1,233,773</u>	<u>\$ 1,243,998</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows.....	<u>\$ 35,221</u>	<u>\$ 23,481</u>	<u>\$ 58,702</u>
NET POSITION			
Invested in capital assets, net of related debt.....	\$ 1,688,822	\$ 2,055,873	\$ 3,744,695
Restricted.....			
Restricted for bond.....	-	145,988	145,988
Unrestricted.....	350,697	420,671	771,368
Total net position	<u>\$ 2,039,519</u>	<u>\$ 2,622,532</u>	<u>\$ 4,662,051</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Activities
For the Year Ended September 30, 2021

Activities:	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 151,248	\$ -	\$ -	\$ -	\$ (151,248)		\$ (151,248)
Library	29,999	-	1,492	-	(28,507)		(28,507)
Police	8,821	-	-	-	(8,821)		(8,821)
Streets and roads	43,213	-	38,479	-	(4,734)		(4,734)
Parks and recreation	12,677	460	-	-	(12,217)		(12,217)
Events center	57,752	15,089	-	4,323	(38,340)		(38,340)
Total governmental activities	<u>303,710</u>	<u>15,549</u>	<u>39,971</u>	<u>4,323</u>	<u>(243,867)</u>		<u>(243,867)</u>
Business-type activities:							
Water	102,254	116,026	-	-	-	13,772	13,772
Sewer	145,437	133,037	-	1	-	(12,399)	(12,399)
Sanitation	25,693	25,351	-	-	-	(342)	(342)
Total business-type activities	<u>273,384</u>	<u>274,414</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1,031</u>	<u>1,031</u>
Total primary government	<u>\$ 577,094</u>	<u>\$ 289,963</u>	<u>\$ 39,971</u>	<u>\$ 4,324</u>	<u>(243,867)</u>	<u>1,031</u>	<u>(242,836)</u>
General revenues:							
Taxes -- property taxes levied for general purposes					108,545	-	108,545
Interest and investment earnings					620	674	1,294
State sales tax revenue					-	-	-
State liquor revenue					30,834	-	30,834
State revenue sharing					60,948	-	60,948
Other miscellaneous revenues					65,536	19,013	84,549
Current contribution					3,380	2,253	5,633
Net pension revenue (expense)					11,368	2,678	14,046
Total general revenues and transfers					<u>281,231</u>	<u>24,618</u>	<u>305,849</u>
Changes in net position					37,364	25,649	63,013
Net position - beginning					2,002,155	2,596,883	4,599,038
Prior period adjustment							-
Net position - ending					<u>\$ 2,039,519</u>	<u>\$ 2,622,532</u>	<u>\$ 4,662,051</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Balance Sheet
Governmental Funds
September 30, 2021

ASSETS		<u>General Fund</u>
Cash on hand and on deposit.....	\$	335,479
Taxes receivable (net).....		13,081
Account receivable (net).....		28,255
Prepaid Expenses.....		587
Total assets.....	\$	<u>377,402</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable.....	\$	-
Salaries payable.....		7,918
Deferred revenues.....		10,628
Total liabilities.....	\$	<u>18,546</u>
FUND BALANCE		
Nonspendable.....	\$	-
Restricted.....		-
Committed.....		-
Assigned.....		-
Unassigned.....		358,856
Total fund balance.....	\$	<u>358,856</u>
Total liabilities and fund balance.....	\$	<u>377,402</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2021

Total Governmental Fund Balances		\$	358,856
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>			
Cost of capital assets			3,059,640
Depreciation expense to date			(1,370,818)
			1,688,822
Property taxes received that are not available to pay for current period expenses are deferred in the funds.			10,628
Compensated absences are not due and payable in the current period and therefore are not reported in the funds			(2,307)
<p>GASB 68 requires the accrual of net pension assets and liabilities and the deferred inflows and outflows of resources related thereto.</p>			
Net pension asset			1,101
Pension related deferred inflows			(35,221)
Pension related deferred outflows			17,640
			(16,480)
Net Position of Governmental Activities			\$ 2,039,519

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021

REVENUES	<u>General Fund</u>
<u>Local Sources:</u>	
Tax charges.....	\$ 107,052
Interest earnings.....	620
Rental revenue.....	10,883
Other / miscellaneous revenue.....	76,017
<u>State Sources:</u>	
Highway users.....	38,479
Revenue sharing.....	60,948
Liquor apportionment.....	30,834
Grant revenue.....	-
Total revenue.....	<u>\$ 324,833</u>
 EXPENDITURES	
Administration.....	\$ 188,711
Library.....	22,754
Police.....	8,821
Streets and roads.....	38,602
Parks and recreation.....	10,701
Events center.....	14,281
Total expenditures.....	<u>\$ 283,870</u>
Excess revenues over expenditures.....	\$ 40,963
Fund balances - beginning.....	317,893
Fund balances - ending.....	<u>\$ 358,856</u>

The notes to the financial statements are an integral part of this statement.

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

Net changes in fund balances - total governmental funds \$ 40,963

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.

Capitalized assets	46,852	
Depreciation expense	<u>(65,866)</u>	(19,014)

Tax revenues are deferred and not recognized in the funds until they are available to pay for current period expenditures. In the Statement of Activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.

Deferred revenue - 2021	10,628	
Deferred revenue - 2020	<u>(9,135)</u>	1,493

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences - 2021	(2,307)	
Compensated absences - 2020	<u>1,481</u>	(826)

GASB 68 requires the calculation of net pension revenue (expense), and the deferral of current contributions

Current contributions	3,380	
Net pension revenue (expense)	<u>11,368</u>	14,748

Change in Net Position of Governmental Activities		<u><u>\$ 37,364</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Net Position
Proprietary Funds
September 30, 2021

ASSETS	Water Fund	Sanitation	Sewer Fund	Totals
Current Assets:				
Cash on hand and on deposit.....	\$ 209,820	\$ 51,472	\$ 207,340	\$ 468,632
Cash, restricted for bond.....	82,475	-	63,513	145,988
Accounts receivable.....	22,647	3,334	16,454	42,435
Allowance for doubtful accounts.....	(2,272)	(570)	(1,424)	(4,266)
Interfund receivable.....	7,707	-	-	7,707
Net pension asset.....	330	-	404	734
Total current assets.....	<u>\$ 320,707</u>	<u>\$ 54,236</u>	<u>\$ 286,287</u>	<u>\$ 661,230</u>
Noncurrent Assets:				
Capital assets, net of depreciation.....	\$ 1,185,370	\$ -	\$ 2,006,626	\$ 3,191,996
Capital assets, non-depreciable.....	-	-	14,800	14,800
Total assets.....	<u><u>\$ 1,506,077</u></u>	<u><u>\$ 54,236</u></u>	<u><u>\$ 2,307,713</u></u>	<u><u>\$ 3,868,026</u></u>
 DEFERRED OUTFLOWS OF RESOURCES				
Pension deferred outflows.....	<u>\$ 5,292</u>	<u>\$ -</u>	<u>\$ 6,468</u>	<u>\$ 11,760</u>
 LIABILITIES				
Current Liabilities:				
Interfund payable.....	\$ -	\$ -	\$ 7,707	\$ 7,707
Accounts payable.....	2,415	1,912	-	4,327
Deferred revenue.....	-	-	-	-
Unearned revenue.....	-	-	68,508	68,508
Current bond payable.....	20,047	-	26,863	46,910
Total current liabilities.....	<u>\$ 22,462</u>	<u>\$ 1,912</u>	<u>\$ 103,078</u>	<u>\$ 127,452</u>
Noncurrent Liabilities:				
Compensated absences payable.....	\$ 1,154	\$ -	\$ 1,154	\$ 2,308
Bonds payable.....	351,498	-	752,515	1,104,013
Total noncurrent liabilities.....	<u>\$ 352,652</u>	<u>\$ -</u>	<u>\$ 753,669</u>	<u>\$ 1,106,321</u>
Total liabilities.....	<u><u>\$ 375,114</u></u>	<u><u>\$ 1,912</u></u>	<u><u>\$ 856,747</u></u>	<u><u>\$ 1,233,773</u></u>
 DEFERRED INFLOWS OF RESOURCES				
Pension deferred inflows.....	<u>\$ 10,566</u>	<u>\$ -</u>	<u>\$ 12,915</u>	<u>\$ 23,481</u>
 NET POSITION				
Invested in capital assets, net of related debt.....	\$ 813,825	\$ -	\$ 1,242,048	\$ 2,055,873
Restricted for bond.....	82,475	-	63,513	145,988
Unrestricted.....	229,389	52,324	138,958	420,671
Total net position.....	<u><u>\$ 1,125,689</u></u>	<u><u>\$ 52,324</u></u>	<u><u>\$ 1,444,519</u></u>	<u><u>\$ 2,622,532</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

OPERATING REVENUE	Water Fund	Sanitation	Sewer Fund	Totals
Consumer charges.....	\$ 116,026	\$ 25,351	\$ 133,037	\$ 274,414
 OPERATING EXPENSES				
Council.....	\$ 4,036	\$ -	\$ 4,038	\$ 8,074
Clerk salary.....	8,233	-	5,446	13,679
Maintenance labor.....	6,742	-	9,752	16,494
Testing.....	672	-	1,015	1,687
Repairs / maintenance supplies.....	5,733	-	8,268	14,001
Office, dues and other.....	5,116	-	1,152	6,268
Utilities / telephone.....	20,117	-	11,581	31,698
Payroll expenses.....	3,310	-	3,932	7,242
Chemicals.....	1,355	-	-	1,355
Professional fees.....	2,093	-	5,670	7,763
Depreciation expense.....	28,242	-	56,585	84,827
Contract services.....	-	23,403	-	23,403
Miscellaneous expense.....	-	2,290	7,800	10,090
Total operating expenses.....	<u>\$ 85,649</u>	<u>\$ 25,693</u>	<u>\$ 115,239</u>	<u>\$ 226,581</u>
Operating income (loss).....	<u>\$ 30,377</u>	<u>\$ (342)</u>	<u>\$ 17,798</u>	<u>\$ 47,833</u>
 NONOPERATING REVENUES (EXPENSES)				
Other income.....	\$ 5,000	\$ -	\$ 14,014	\$ 19,014
Interest earnings.....	638	-	36	674
Current contributions.....	1,014	-	1,239	2,253
Net pension revenue (expense).....	935	-	1,743	2,678
Interest paid.....	(16,605)	-	(30,198)	(46,803)
Total nonoperating revenue (expenses).....	<u>\$ (9,018)</u>	<u>\$ -</u>	<u>\$ (13,166)</u>	<u>\$ (22,184)</u>
Income (loss) before transfers.....	<u>\$ 21,359</u>	<u>\$ (342)</u>	<u>\$ 4,632</u>	<u>\$ 25,649</u>
Transfers in (out).....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position.....	<u>\$ 21,359</u>	<u>\$ (342)</u>	<u>\$ 4,632</u>	<u>\$ 25,649</u>
 NET POSITION				
Total net position - beginning	1,104,330	52,666	1,439,887	2,596,883
Prior period adjustment.....	-	-	-	-
Total net position - ending	<u>\$ 1,125,689</u>	<u>\$ 52,324</u>	<u>\$ 1,444,519</u>	<u>\$ 2,622,532</u>

The notes to the financial statements are an integral part of this statement.

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

CASH FLOWS FROM	Water		Sewer	
OPERATING ACTIVITIES	Fund	Sanitation	Fund	Totals
Receipts from customers.....	\$ 123,013	\$ 25,351	\$ 145,744	\$ 294,108
Unearned grant revenues.....	-	-	68,508	68,508
Payments to suppliers and employees.....	(55,111)	(25,562)	(62,500)	(143,173)
Net cash provided (used) by operating activities	<u>\$ 67,902</u>	<u>\$ (211)</u>	<u>\$ 151,752</u>	<u>\$ 219,443</u>
 CASH FLOWS FROM CAPITAL				
AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt.....	\$ (19,155)	\$ -	\$ (25,892)	\$ (45,047)
Interest paid on capital debt.....	(16,605)	-	(30,198)	(46,803)
Transfers (to)/from other funds.....	-	-	-	-
Purchase of capital assets.....	(1,339)	-	(13,194)	(14,533)
Net cash provided (used) by capital and related financing activities.....	<u>\$ (37,099)</u>	<u>\$ -</u>	<u>\$ (69,284)</u>	<u>\$ (106,383)</u>
 CASH FLOWS FROM				
INVESTMENT ACTIVITIES				
Interest and dividends.....	\$ 638	\$ -	\$ 36	674
Net increase in cash and cash equivalents.....	\$ 31,441	\$ (211)	\$ 82,504	\$ 113,734
Balances -- Beginning of the year.....	260,854	51,683	188,348	500,885
Balances -- End of the year.....	<u>\$ 292,295</u>	<u>\$ 51,472</u>	<u>\$ 270,852</u>	<u>\$ 614,619</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss).....	\$ 30,377	\$ (342)	\$ 17,798	\$ 47,833
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense.....	28,242	-	56,585	84,827
Other income.....	5,000	-	14,014	19,014
Change in assets and liabilities				
Receivables, net.....	1,987	-	(1,307)	680
Accounts and other payables.....	2,296	131	(3,846)	(1,419)
Unearned revenues.....	-	-	68,508	68,508
Net cash provided (used) by operating activities.....	<u>\$ 67,902</u>	<u>\$ (211)</u>	<u>\$ 151,752</u>	<u>\$ 219,443</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS

Notes to the Financial Statements September 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Roberts consists of patrons from Jefferson County.

This report includes all of the funds/accounts of the City. It includes all activities considered to be part of the City under GASB Statement #2100, *Defining the Governmental Reporting Entity*. Activities include areas in which the City can assert its authority either directly or indirectly by financial means.

The City is organized and operates under the provisions of the Idaho Constitution and the Accounting policies and practices of the City conform to generally accepted accounting principles as applied to governments. The city's reporting entity applies all relevant *Governmental Accounting Standards Boards (GASB)* pronouncements. Proprietary funds and similar component units apply *Financial Accounting Standards Board's (FASB)* pronouncements and *Accounting Principal Board (APB)* opinions issued on or after November 30, 1989.

In the evaluation of how to define the City for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of the City of Roberts are included in the basic financial statements. Using the above criteria, the City has no component units.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal balances and transfers. 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 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.

CITY OF ROBERTS

Notes to the Financial Statements
September 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, continued

Basis of Presentation, continued

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 funds. All remaining governmental funds are aggregated and reported as non-major funds.

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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund: The fund is established to account for resources devoted to financing the general services that the City performs. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the City for which a separate fund has not been established.

The City reports the following major enterprise funds:

Water Fund: This fund accounts for the operation, maintenance, and development of water services to the patrons of the City.

Sanitation Fund: This fund accounts for the operation, maintenance, and development of sanitation services to the patrons of the City.

Sewer Fund: This fund accounts for the operation, maintenance, and development of sewer services to the patrons of the City.

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 resource measurement focus. The government-wide and proprietary fund financial statements are reported using 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.

CITY OF ROBERTS

Notes to the Financial Statements September 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, continued

Governmental Fund Financial Statements. 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 financial sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

All governmental and business-type activities of the City follow FASB Statements and Interpretations issued on or after November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. ASSETS, LIABILITIES, and EQUITY

Deposits and Investments

The City Clerk maintains checking accounts, money market accounts and certificates of deposit.

Cash and Cash Equivalents

The City considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts receivable. Because property taxes attach as an enforceable lien after three years of delinquency, the City feels that all receivables are collectible.

Property Tax Calendar

Property taxes are levied in August of each year and become payable on December 20th, and on June 20th, of the following year for real property and personal property. Property taxes attach as an enforceable lien as of December 20th following the levy in August. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes collected after December 1, 2020 are classified as deferred revenue.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. ASSETS, LIABILITIES, and EQUITY, continued

Inventories and Prepaid Items

The City does not have any inventory items at September 30, 2021.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City had the following prepaid items at the end of the fiscal year.

General Fund – Prepaid Worker’s Compensation \$587

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of donation. General infrastructure assets acquired after July 1, 2001 are reported at cost or historical estimated cost. The Standards do not require us to retroactively restate general infrastructure assets acquired prior to July 1, 2001. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30 - 50
Buildings and grounds	25 - 60
Improvements	10 - 50
Mobile equipment	5 - 30
Furniture, fixtures, and equipment	5 - 15

Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are legal limitations that are imposed on their use by the City, or external restrictions by other governments, creditors or grantors. When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first. Cash in the Water Fund, in the amount of \$82,475 is restricted for bond reserve payments and \$63,513 in the Sewer Fund.

Fund Balance Reserves

Fund balance is categorized into five categories: non-spendable, restricted, committed, assigned, and unassigned. For the year ended September 30, 2021, the entire fund balance of \$358,856 was unassigned. Unassigned funds are those which are available for any purpose.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. ASSETS, LIABILITIES, and EQUITY, continued

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) workers compensation, i.e. employee injuries and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settlement claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City 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 expenditures during the reporting period. Actual results could differ from those estimates.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who 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.

NOTE 2 DEPOSITS AND INVESTMENTS

Cash and investments for all funds consist of the following at year end:

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>FDIC Insured/ Collateralized</u>	<u>Uninsured/ Uncollateralized</u>
Zions Bank:				
Zions Checking	\$644,709	\$618,563	\$ 250,000	\$ 394,709
Water Bond Reserve	82,475	82,475	-	82,475
Water & Sewer Money Market	2,983	2,983	-	2,983
General Fund Money Market	7,901	7,901	-	7,901
Sewer Bond Reserve	63,513	63,513	-	63,513
Shop Reserve Money Market	-	26	-	-
Sewer Reserve - Zions	18,747	18,747	-	18,747
Water CD	11,275	11,275	-	11,275
Reserve CD	28,188	28,188	-	28,188
Shop Reserve CD	14,095	14,095	-	14,095
Investment CD	33,825	33,825	-	33,825
	<u>68,508</u>	<u>68,508</u>	<u>-</u>	<u>68,508</u>
Grand Total	<u>\$976,219</u>	<u>\$950,099</u>	<u>\$ 250,000</u>	<u>\$ 726,219</u>

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 2 DEPOSITS AND INVESTMENTS, continued

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the City's deposits were \$950,099 and the bank balances were \$976,219. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Of the bank balances, \$250,000 was covered by federal depository insurance, leaving \$726,219 at risk.

NOTE 3 RECEIVABLES

Receivables at year end consist of the following:

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>
Local Sources				
Local Taxes	\$ 13,081			
Other Local	-	\$ 20,375	\$ 15,030	\$ 2,764
Total Local	<u>\$ 13,081</u>	<u>\$ 20,375</u>	<u>\$ 15,030</u>	<u>\$ 2,764</u>
State Sources				
State Revenues	\$ 28,255			
Total State	<u>\$ 28,255</u>			

NOTE 4 INTERFUND BALANCES AND ACTIVITY

Inter-fund Receivables and Payables

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
Water Fund	7,707	-
Sewer Fund	-	7,707

The Sewer Fund received funds from the Water Fund to cover operations in prior years. The funds have not been repaid as of the end of the 2021 fiscal year.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 5 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Capital Acquisitions</u>	<u>Sales / Other Dispositions</u>	<u>Ending Balance</u>
Governmental Activities				
Non-depreciable Assets:				
Land	\$ 18,400	\$ -	\$ -	\$ 18,400
Depreciable Assets:				
Buildings & Equipment	<u>2,999,388</u>	<u>46,852</u>	<u>5,000</u>	<u>3,041,240</u>
Total capital assets	3,017,788	46,852	5,000	3,059,640
Less: accumulated depreciation	<u>1,309,952</u>	<u>65,866</u>	<u>5,000</u>	<u>1,370,818</u>
Gov't'l Activity capital assets, net	<u>\$ 1,707,836</u>	<u>\$ (19,014)</u>	<u>\$ -</u>	<u>\$ 1,688,822</u>
Business-type Activities				
Non-depreciable Assets:				
Land	\$ 14,800	\$ -	\$ -	\$ 14,800
Depreciable Assets:				
Water Fund				
Buildings & equipment	1,719,404	1,339	-	1,720,743
Less: accumulated depreciation	<u>507,132</u>	<u>28,242</u>	<u>-</u>	<u>535,374</u>
Water capital assets, net	<u>\$ 1,212,272</u>	<u>\$ (26,903)</u>	<u>\$ -</u>	<u>\$ 1,185,369</u>
Sewer Fund				
Buildings & equipment	\$ 2,983,147	\$ 13,193	\$ -	\$ 2,996,340
Less: accumulated depreciation	<u>933,127</u>	<u>56,585</u>	<u>-</u>	<u>989,712</u>
Sewer capital assets, net	<u>\$ 2,050,020</u>	<u>\$ (43,392)</u>	<u>\$ -</u>	<u>\$ 2,006,628</u>
Business-type capital assets, net	<u>\$ 3,277,092</u>	<u>\$ (70,295)</u>	<u>\$ -</u>	<u>\$ 3,206,797</u>

Depreciation expense was charged to functions as follows:

General government	\$ 65,866
Water fund	28,242
Sewer fund	<u>56,585</u>
Total Depreciation	<u>\$ 150,693</u>

NOTE 6 LONG-TERM OBLIGATIONS

Water Revenue Bonds Issue:

On May 11, 2005, the City of Roberts issued \$600,000 of Water Revenue Bonds, Series 2005 to finance the construction and installation of improvements to the City's domestic water system. Water Revenue Bonds Payable at September 30, 2021 are comprised of the Series 2005 Water Revenue Bonds due in annual principal and interest installments of \$35,760 on May 11 of each year through May 11, 2035. The effective rate of interest for the bonds is 4.25%. The outstanding balance at September 30, 2021 is \$371,545.

USDA Rural Development Waste-Water Project Loan:

On December 15, 2010 the City issued Build America Bonds in the amount of \$1,000,000 to finance improvements to the city's wastewater system. These bonds allow for a 35% federal subsidy on interest costs. The City is required to make annual payments of \$56,090 with an applicable interest rate of 3.75%. The outstanding balance at September 30, 2021 is \$779,378.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 6 LONG-TERM OBLIGATIONS, Continued

The following summary recaps the changes in the City's long-term obligations for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>
Governmental-type activities				
Compensated absences	\$ 1,481	\$ 826	\$ -	\$ 2,307
Total governmental-type	<u>\$ 1,481</u>	<u>\$ 826</u>	<u>\$ -</u>	<u>\$ 2,307</u>
Business-type activities				
Water Revenue Bonds	\$ 390,700	\$ -	\$ 19,155	\$ 371,545
Sewer Bond	805,270	-	25,892	779,378
Compensated absences	6,273	-	3,965	2,308
Total business-type activities	<u>\$ 1,202,693</u>	<u>\$ -</u>	<u>\$ 49,012</u>	<u>\$ 1,153,231</u>

Interest expense has been charged as follows:

Water Fund	\$ 16,605
Sewer Fund	<u>30,198</u>
Total	<u>\$ 46,803</u>

The following schedule recaps the maturities of each obligation for the subsequent five years until termination of the obligations:

	<u>Total</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027- 2031</u>	<u>2032- 2036</u>	<u>2037- 2041</u>
Business Activities									
Water Rev. Bond	\$ 371,545	\$ 20,047	\$ 20,899	\$ 21,787	\$ 22,713	\$ 23,678	\$ 134,370	\$ 128,051	\$ -
Sewer Project Loan	<u>779,378</u>	<u>26,863</u>	<u>27,871</u>	<u>28,916</u>	<u>30,000</u>	<u>31,125</u>	<u>174,035</u>	<u>209,207</u>	<u>251,361</u>
Total	<u>\$1,150,923</u>	<u>\$ 46,910</u>	<u>\$ 48,770</u>	<u>\$ 50,703</u>	<u>\$ 52,713</u>	<u>\$ 54,803</u>	<u>\$ 308,405</u>	<u>\$ 337,258</u>	<u>\$ 251,361</u>

CITY OF ROBERTS

Notes to the Financial Statements September 30, 2021

NOTE 7 PENSION ACTIVITY

Plan Description

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

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

Pension Benefits

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

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% (74%) of the employer rate. As of June 30, 2021, it was 7.16% (9.13%). The employer contribution rate is set by the Retirement Board and was 11.94% (12.28%) of covered compensation. The City of Roberts' contributions were \$10,294 for the year ended September 30, 2021.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 7 PENSION ACTIVITY, Continued

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

At September 30, 2021, the City of Roberts reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Roberts proportion of the net pension liability was based on the City of Roberts share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City of Roberts proportion was .00232346 percent.

For the year ended September 30, 2021, the City of Roberts recognized pension expense (revenue) of \$(14,046). At September 30, 2021 the City of Roberts 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	\$ 2,704	\$ 1,066
Changes in assumptions or other inputs	21,063	-
Net difference between projected and actual earnings on pension plan investments	-	57,636
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Contributions subsequent to the measurement date	5,633	-
TOTAL	\$ 29,400	\$ 58,702

\$5,633 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021 the beginning of the measurement period ended June 30, 2020 is 4.7 and 4.6 for the measurement period June 30, 2021.

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

Year ended September 30, 2021:

2022	\$ (8,218)
2023	\$ (7,406)
2024	\$ (6,472)
2025	\$(12,839)
2026	\$ 0

CITY OF ROBERTS

Notes to the Financial Statements
September 30, 2021

NOTE 7 PENSION ACTIVITY, Continued

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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 7 PENSION ACTIVITY, Continued

Capital Market Assumptions from Callan 2021

Asset Class	Target Allocation	Long-Term Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	(0.20)%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation – Mean		2.00%	2.00%
Assumed Inflation – Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

Investment Policy Assumptions from PERSI Board November 2019

Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.14%
Portfolio Standard Deviation	14.16%

Economic/Demographic Assumptions from Milliman 2021

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	6.35%

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Proportionate share of the net pension liability (asset)	63,789	(1,835)	(55,629)

CITY OF ROBERTS

**Notes to the Financial Statements
September 30, 2021**

NOTE 7 PENSION ACTIVITY, Continued

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.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events were evaluated through the date the financial statements were available, February 08, 2022. No subsequent events occurred which would require disclosure.

NOTE 9 RELATED PARTY TRANSACTIONS

The City has not been involved in any related party transactions that would merit disclosure.

NOTE 10 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 liability, i.e., errors and omissions; d) environmental damage; e) workers compensation, i.e., employee injuries; and f) medical insurance costs of its employees. Commercial insurance policies transferring the risk of loss, but for a relatively small deductible amount, are purchased for property and content damage, employee's torts and professional liabilities. Settled claims resulting from these risks have not exceeded the insurance deductible provided for in the last three years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Litigation:

The City has not been involved in any litigation and is not currently involved in any litigation that will have a material effect on the financial statements.

Contingent Liabilities:

The City participates in a number of federally assisted grant programs. These programs may be subject to compliance audits by the grantors or their representatives. Such audits of these programs for the year reported herein have not been conducted or completed and accepted. Accordingly, the City's accepted compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agency or agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City does not have any other contingent liabilities as of September 30, 2021.

NOTE 12 UNEARNED REVENUE

The City received \$68,508 from the American Rescue Plan Act of 2021. Generally Accepted Accounting Principles state this money should not be recognized as income until it is spent. Therefore, it was recorded as unearned revenue, and will be recognized as income as it's spent.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ROBERTS
Statement of Revenues, Expenditures and Changes in Fund Net Position -
Budget to Actual - General Fund
For the Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
<u>Local Sources:</u>				
Tax charges.....	\$ 104,546	\$ 104,546	\$ 107,052	\$ 2,506
Interest earnings.....	700	700	620	(80)
Rental revenue.....	11,200	11,200	10,883	(317)
Other / miscellaneous revenue.....	862,500	862,500	76,017	(786,483)
<u>State Sources:</u>				
Highway users.....	24,394	24,394	38,479	14,085
Revenue sharing.....	-	-	60,948	60,948
Sales tax apportionment.....	39,799	39,799	-	(39,799)
Liquor apportionment.....	23,000	23,000	30,834	7,834
Total revenue.....	<u>\$ 1,066,139</u>	<u>\$ 1,066,139</u>	<u>\$ 324,833</u>	<u>\$ (741,306)</u>
EXPENDITURES				
Administration.....	\$ 851,093	\$ 851,093	\$ 188,711	\$ 662,382
Library.....	23,968	23,968	22,754	1,214
Police.....	8,821	8,821	8,821	-
Streets and roads.....	179,175	179,175	38,602	140,573
Parks and recreation.....	5,300	5,300	10,701	(5,401)
Events center.....	26,400	26,400	14,281	12,119
Total expenditures.....	<u>\$ 1,094,757</u>	<u>\$ 1,094,757</u>	<u>\$ 283,870</u>	<u>\$ 810,887</u>
Excess revenue over expenditures.....	\$ (28,618)	\$ (28,618)	\$ 40,963	\$ 69,581
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Change in net position.....	\$ (30,618)	\$ (30,618)	\$ 40,963	\$ 71,581
FUND BALANCE				
Beginning balance.....	<u>317,893</u>	<u>317,893</u>	<u>317,893</u>	<u>-</u>
Ending balance.....	<u><u>\$ 287,275</u></u>	<u><u>\$ 287,275</u></u>	<u><u>\$ 358,856</u></u>	<u><u>\$ 71,581</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - Base Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2020</u>	<u>2021</u>
City of Roberts portion of the net pension liability	0.0024237%	0.0023666%	0.0023235%
City of Roberts proportionate share of the net pension liability	\$ 27,666	\$ 54,956	\$ (1,835)
City of Roberts covered-employee payroll	\$ 78,061	\$ 87,540	\$ 101,322
City of Roberts proportional share of the net pension liability as a percentage of its covered-employee payroll	35.44%	62.78%	-1.81%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	88.22%	100.36%

- Data reported is measured as of June 30, 2021

	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of Roberts portion of the net pension liability	0.0027522%	0.0026647%	0.0024577%
City of Roberts proportionate share of the net pension liability	\$ 55,791	\$ 41,885	\$ 36,252
City of Roberts covered-employee payroll	\$ 74,032	\$ 76,820	\$ 76,720
City of Roberts proportional share of the net pension liability as a percentage of its covered-employee payroll	75.36%	54.52%	47.25%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	90.68%	91.69%

- Data reported is measured as of June 30, 2021

	<u>2015</u>
City of Roberts portion of the net pension liability	0.0029059%
City of Roberts proportionate share of the net pension liability	\$ 38,266
City of Roberts covered-employee payroll	\$ 73,634
City of Roberts proportional share of the net pension liability as a percentage of its covered-employee payroll	51.97%
Plan fiduciary net position as a percentage of the total pension liability	91.38%

- Data reported is measured as of June 30, 2021

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

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - Base Plan
Last 10 Fiscal Years*

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Statutorily required contribution	\$ 9,274	\$ 9,285	\$ 9,174
Contributions in relation to the statutorily required contribution	\$ 9,454	\$ 10,191	\$ 10,478
Contribution (deficiency) excess	\$ (472)	\$ 906	\$ 1,304
Employer's covered-employee payroll	\$ 81,971	\$ 83,920	\$ 86,357
Contributions as a percentage of covered-employee payroll	11.53%	12.14%	12.13%

- Data reported is measured as of June 30, 2021

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Statutorily required contribution	\$ 8,181	\$ 8,986	\$ 9,544
Contributions in relation to the statutorily required contribution	\$ 9,193	\$ 9,496	\$ 9,072
Contribution (deficiency) excess	\$ 1,012	\$ 510	\$ (472)
Employer's covered-employee payroll	\$ 79,688	\$ 82,327	\$ 78,656
Contributions as a percentage of covered-employee payroll	11.54%	11.53%	11.53%

- Data reported is measured as of June 30, 2021

	<u>2015</u>
Statutorily required contribution	\$ 9,505
Contributions in relation to the statutorily required contribution	\$ 9,752
Contribution (deficiency) excess	\$ 247
Employer's covered-employee payroll	\$ 81,107
Contributions as a percentage of covered-employee payroll	12.02%

- Data reported is measured as of June 30, 2021

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

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS

**Notes to Required Supplemental Information
September 30, 2021**

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

The Idaho Constitution and the Idaho State Tax Commission prescribe the budget process and procedures for governmental subdivisions. The City has satisfied the basic requirements prescribed in the following particulars:

- a. Formulation of subsequent year budget requirements by City officials and personnel.
- b. Perusal of formulated budgets by City officials.
- c. Presentation of preliminary and final budget requirements in formal news media of the City.
- d. Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control of budgets following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officials and employees for management purposes. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at the end of the fiscal year.

NOTE 2 PENSIONS

The City of Roberts contributes to 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.

During the fiscal year ended September 30, 2021, there were no changes of benefit terms, neither was there any significant change in the composition of the population covered by the benefit terms. All assumptions used in actuarial calculations were not significantly different from those used in the past.

SUPPLEMENTAL INFORMATION

CITY OF ROBERTS
Schedule of General Fund Expenditures -
Budget to Actual - By Function
September 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
ADMINISTRATION			
Mayor/council salaries.....	\$ 4,500	\$ 4,233	\$ 267
Clerks salary.....	16,000	15,721	279
Maintenance Salary.....	56,000	33,275	22,725
Payroll expenses.....	3,750	7,856	(4,106)
Employee insurance.....	12,339	14,269	(1,930)
Retirement.....	4,400	7,719	(3,319)
Office expense.....	3,500	3,839	(339)
Utilities / telephone.....	5,600	6,091	(491)
Professional fees.....	6,000	6,435	(435)
General insurance.....	15,500	16,456	(956)
Repairs and maintenance.....	4,000	3,220	780
Department supplies.....	600	1,426	(826)
Travel expenses.....	2,000	1,805	195
Planning and zoning.....	1,200	39	1,161
Dues.....	500	445	55
Other expenses.....	5,300	7,358	(2,058)
Capital outlay.....	709,904	58,524	651,380
	<u>\$ 851,093</u>	<u>\$ 188,711</u>	<u>\$ 662,382</u>
LIBRARY			
Salaries.....	\$ 9,200	\$ 9,111	\$ 89
Payroll taxes.....	800	586	214
Retirement.....	1,150	570	580
Employee insurance.....	-	-	-
Utilities.....	4,200	4,129	71
Supplies.....	1,000	981	19
Capital outlay.....	4,000	4,324	(324)
Other expenses.....	3,618	3,053	565
	<u>\$ 23,968</u>	<u>\$ 22,754</u>	<u>\$ 1,214</u>
POLICE			
Contract services.....	<u>\$ 8,821</u>	<u>\$ 8,821</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ROBERTS
Schedule of General Fund Expenditures -
Budget to Actual - By Function
September 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
STREET AND ALLEYS			
Salaries.....	\$ -	\$ -	\$ -
Payroll taxes.....	-	9	(9)
Retirement.....	-	-	-
Utilities - lighting.....	12,000	10,968	1,032
Repairs and maintenance.....	10,175	11,658	(1,483)
Capital outlay.....	153,000	11,590	141,410
Supplies.....	4,000	4,377	(377)
	<u>\$ 179,175</u>	<u>\$ 38,602</u>	<u>\$ 140,573</u>
PARKS AND RECREATION			
Repairs and maintenance.....	\$ 1,000	\$ 2,440	\$ (1,440)
Supplies.....	300	724	(424)
Other expense.....	1,000	3,535	(2,535)
Capital outlay.....	3,000	4,002	(1,002)
	<u>\$ 5,300</u>	<u>\$ 10,701</u>	<u>\$ (5,401)</u>
EVENT CENTER			
Utilities.....	\$ 20,000	\$ 5,524	\$ 14,476
Repairs and maintenance.....	6,000	7,831	(1,831)
Supplies.....	400	816	(416)
Other expense.....	-	110	(110)
	<u>\$ 26,400</u>	<u>\$ 14,281</u>	<u>\$ 12,119</u>

The notes to the financial statements are an integral part of this statement.

JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

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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*

Mayor and City Council
City of Roberts
Roberts, ID 83444

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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Roberts, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Roberts' basic financial statements and have issued our report thereon dated February 08, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items #2021-01 that we consider to be significant deficiencies.

Compliance

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

City of Roberts, Idaho's Response to Findings

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

Purpose of this Report

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

Jensen Poulsen & Company, PLLC

JENSEN POULSEN & COMPANY, PLLC
Certified Public Accountants
Idaho Falls, Idaho
February 08, 2022

CITY OF ROBERTS

**Schedule of Audit Findings and Responses
September 30, 2021**

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

2021-01

Condition:

The City experiences a lack of segregation of duties over the accounting function, including the custody, recording and reconciliation of cash.

Cause:

The above noted situation is the result of staffing limitations necessitated by budget constraints common to a City this size.

Effect:

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

Recommendation:

It is simply requested that the City take note that this situation exists. However, substantial changes cannot be expected until the above noted situation is adequately mitigated.

Response:

The City recognizes the lack of segregation of duties but feels the level of participation from the Mayor and City Council provides the appropriate controls to mitigate the potential of material misstatements due to error or fraud.

CITY OF ROBERTS

**Schedule of Prior Findings and Responses
September 30, 2021**

Prior Findings:

FINDINGS—FINANCIAL STATEMENT AUDIT

A. SIGNIFICANT DEFICIENCIES

1. Segregation of duties

2020-01—Segregation of Duties

Condition:

The City experienced a lack of segregation of duties over reporting of cash transactions.

Current Status:

The City still has only one person responsible for the accounting function.

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