



Financial Statements  
September 30, 2018  
City of Caldwell, Idaho

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CITY OF CALDWELL, IDAHO

CITY OFFICIALS

September 30, 2018

MAYOR

Garret L. Nancolas

COUNCIL

Dennis Callsen, President

Mike Pollard

Robert Hopper

Shannon Ozuna

Chris Allgood

Chuck Stadick

CITY CLERK

Debbie Geyer

CITY TREASURER / FINANCE DIRECTOR

Carol Mitchell



## Independent Auditor's Report

To the Members of City Council  
City of Caldwell, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Caldwell (the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 on 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 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, each major fund, and the aggregate remaining fund information of the City of Caldwell, 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.

## **Emphasis of a Matter**

As discussed in Notes 1 and 14 to the financial statements, the City has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of October 1, 2017. Our opinions are not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of employer's share of net pension asset/liability and employer's contributions, the other postemployment benefits schedule of changes in the City's total OPEB liability and related ratios, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor 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 nonmajor fund financial statements fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 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, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Caldwell's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
January 31, 2019

Management of the City of Caldwell, Idaho, (the City) offers readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Caldwell, Idaho exceeded its liabilities and deferred inflows of resources at September 30, 2018, by \$257,832,347. This is an increase of \$25,902,088 over the September 30, 2017, beginning balance of \$231,930,259. Of this amount, unrestricted net position of \$50,845,317 may be used to meet the City's ongoing obligations to citizens and creditors compared to \$52,405,128 on September 30, 2017.
- As of September 30, 2018, the City of Caldwell's governmental funds reported combined ending fund balances of \$27,718,739. This is an increase of \$968,420 over the September 30, 2017, balance of \$26,750,319. Of this amount, \$1,332,771 is unassigned and available for spending compared to \$982,012 on September 30, 2017, and \$26,385,968 is assigned or committed for specific future purposes, and classified as nonspendable fund balance compared to \$25,768,307 on September 30, 2017.
- Management has assigned \$10,833,318 for city operations and city projects of the \$20,804,613 in the general fund.
- The City of Caldwell's total debt obligation is \$1,825,000 compared to \$2,945,000 last year. The non-voter approved debt of \$1,825,000 is 0.5% of its total debt capacity of \$35,406,192. The voter approved General Obligation bond principal was paid off in September 2018.
- During fiscal year ending September 30<sup>th</sup>, 2018, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated retroactively to adopt the provisions of GASB Statement No. 75 to report the total OPEB liability, OPEB asset and deferred outflows of resources. The restatement resulted in a net decrease of in net position of \$704,769 in the HRA VEBA Internal Service Fund.

An explanation of the events and activities giving rise to the increases or decreases between years is provided in the main body of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements are comprised of three components:

- 1) government-wide financial statements
- 2) fund financial statements
- 3) other and required supplementary information

## **Government-wide Financial Statements.**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all City assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, parks and recreation, community services, community development, streets and other charges. The business-type activities of the City include water, sewer, sanitation, golf, street lighting, and irrigation.

## **Fund Financial Statements.**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Caldwell can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of available resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between the two.

The City maintains eleven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and street fund, which are considered major funds. Data from the other nine funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds.* The City maintains two different types of proprietary funds, namely enterprise funds and internal service funds.



Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains six individual enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expenses and changes in fund net position for the Water, Sewer and Sanitation funds, which are considered major funds. Data from the other three funds are combined into a single, aggregated presentation. Nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its employee section 125-benefit plan and to maintain and administer a post-retirement Health Retirement Account Voluntary Employee Beneficiary Association (HRA VEBA) authorized under Internal Revenue Code 501(c)(9). Data from these funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

*Other information.* In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. Required supplementary information includes the budget to actual for the general fund and street fund. It also includes the schedules of the City's share of the net pension asset/liability and the City's contributions to the PERSI Base plan, FRF plan and OPEB plan. The combining statements referred to earlier in connection with nonmajor funds and internal service funds are presented immediately after the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Over time, net position may serve as a useful indicator of a government's financial position. At September 30, 2018, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$257,832,347. This is an increase of \$25,902,088 over the September 30, 2017, balance of \$231,930,259. Current and other assets increased \$1,203,870, capital assets net of depreciation increased \$26,334,803, deferred outflows increased \$92,788, liabilities increased \$893,051, and deferred inflows of resources increased \$836,323. The increases in the accounts above are attributed to changes in net position which are discussed below.

Investments in capital assets, less any related outstanding debt used to acquire those assets, totaling \$206,217,726 represent by far the largest portion of the City's net position (79.98%). Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other

sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets, net of accumulated depreciation, totaled \$116,920,062 at September 30, 2018, and increased \$16,498,468 from September 30, 2017, balance of \$100,421,594 for governmental activities. Capital assets, net of accumulated depreciation for business-type activities totaled \$91,122,664 at September 30, 2018 and increased \$9,836,335 from September 30, 2017, balance of \$81,286,328. Major asset additions are scheduled on page 12.

**Governmental activities.** Governmental activities increased the City's net position by \$18,975,507 (change in net position) accounting for a 14.97% increase in the net position. Governmental expenses totaled \$33,636,258 compared to \$32,039,786 in 2017. Police expenses decreased \$550,883 for capital. Fire expenses increased by \$269,453 for salary and benefits and capital.

Program revenues totaled \$27,235,190 which is \$12,683,260 more than last year and covered 81% of governmental expenses. Major components of this increase includes an increase \$2,137,790 in Airport grant revenues for Airport Improvement Projects, contributed capital for Streets \$5,741,957 and contributed capital for the downtown Plaza \$4,763,229.

Expenses less program revenues produced a net expense of \$6,401,068. When netted against general revenues of \$25,376,575 the change in net position for governmental activities is an increase of \$18,975,507 (see statement on page 17).

**Business-type activities.** Business-type activities increased the City's net position by \$7,631,350 accounting for a 7.25% increase in the City's net position. Business-type expenses totaled \$18,121,468 compared to \$17,525,597 in 2017. Expenses for water, sewer, sanitation, golf, street lighting and irrigation increased \$6,532, \$125,514, \$254,688, \$9,763, \$94,069 and \$105,305, respectively. The sewer increase of \$125,515 resulted from increases in maintenance and operations. The sanitation expense increase of \$254,688 was caused by a \$243,296 increase in contractual services and \$11,391 increase in maintenance and operations. The \$94,069 increase in street lighting was the result of \$94,069 increase in maintenance and operations. The \$105,305 increase in irrigation was the result of \$105,305 for maintenance and operations.

Program revenues totaled \$25,631,540 compared to \$21,650,721 in 2017 and covered 141.4% of expenses. Major components of this \$3,980,819 increase included fee increases and customer base growth. These two factors added \$307,081 in the water fund charges for services. Similarly, increases in charges for services in the sewer fund of \$816,853, are attributed to fee increases for septic dump services, interceptor and plant capacity fees. These increases are also the result of an improving economy and increasing construction activity. Along with the increase in construction activity, there was an increase of \$2,272,150 in dedicated infrastructure (contributed capital).

General revenues totaled \$121,278 compared to \$1,581,327 last year (which \$1,291,293 was from a gain on the sale of land by the golf fund) and covered .67% of expenses. General revenues comprise investment earnings of \$415,294, unrealized loss on investments of (\$311,855), project reimbursements from property owners and time and materials reimbursements added \$356,018 offset by a deduction for funds transferred to governmental activities of (\$338,179).

Expenditures less program revenues produced net revenue of \$7,510,072. When combined with general revenues of \$121,277, the change in net position for business-type activities is an increase of \$7,631,350 (see statement on page 17).

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other	\$ 55,631	\$ 51,445	\$ 27,067	\$ 30,049	\$ 82,698	\$ 81,494
Capital Assets	116,920	100,422	91,123	81,286	208,043	181,708
Total Assets	172,551	151,867	118,190	111,335	290,741	263,202
Deferred Outflows	1,519	1,444	233	214	1,752	1,658
Short-Term Liabilities	4,873	3,308	3,565	3,520	8,438	6,828
Long-Term Liabilities	6,083	5,977	1,870	2,691	7,953	8,668
Total Liabilities	10,956	9,285	5,435	6,211	16,391	15,496
Deferred Inflows	18,121	17,303	149	130	18,270	17,433
Net Investment in						
Capital Assets	116,920	100,036	89,298	78,717	206,218	178,753
Restricted	-	-	769	773	769	773
Unrestricted	28,073	26,687	22,772	25,718	50,845	52,405
Total Net Position	\$ 144,993	\$ 126,723	\$ 112,839	\$ 105,208	\$ 257,832	\$ 231,931

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The 2017 tables do not reflect the restatement as a result of GASB 75 (see Note 14).

**City of Caldwell's Statement of Activities (000's)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,502	\$ 9,813	\$ 22,207	\$ 20,499	\$ 32,710	\$ 30,312
Operating grants and contributions	1,596	1,796	-	-	1,596	1,796
Capital grants and contributions	15,137	2,943	3,424	1,152	18,561	4,095
General revenues:						
Property taxes-general purpose	16,503	15,535	-	-	16,503	15,535
Property taxes-debt service	349	460	-	-	349	460
Franchise fees	732	740	-	-	732	740
Sales tax and other government	6,952	6,439	-	-	6,952	6,439
Special assessments for debt service of LIDs	83	90	-	-	83	90
Unrestricted investment earnings	460	288	415	384	876	672
Unrestricted unrealized gain on investments	(222)	(118)	(312)	(252)	(534)	(370)
Miscellaneous	181	135	356	437	537	572
Gain on disposal of asset	-	-	-	1,106	-	1,106
Internal transfers	338	94	(338)	(94)	-	-
<b>Total revenues</b>	<b>52,612</b>	<b>38,215</b>	<b>25,753</b>	<b>23,232</b>	<b>78,365</b>	<b>61,447</b>
<b>Expenses:</b>						
General government	5,418	5,321	18,121	17,526	23,539	22,847
Public safety	16,180	15,858	-	-	16,180	15,858
Culture and recreation	2,220	2,274	-	-	2,220	2,274
Community services and development	2,769	2,691	-	-	2,769	2,691
Streets	7,046	5,870	-	-	7,046	5,870
Interest on long-term debt	6	26	-	-	6	26
<b>Total expenses</b>	<b>33,638</b>	<b>32,040</b>	<b>18,121</b>	<b>17,526</b>	<b>51,759</b>	<b>49,566</b>
<b>Net Revenue</b>	<b>\$ 18,975</b>	<b>\$ 6,175</b>	<b>\$ 7,631</b>	<b>\$ 5,706</b>	<b>\$ 26,605</b>	<b>\$ 11,881</b>

The 2017 tables do not reflect the restatement as a result of GASB 75 (see Note 14).

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Caldwell uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

*Governmental Funds.* The purpose of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of cash and near cash resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2018, the City's governmental funds reported combined ending fund balances of \$27,718,739. Of this amount, \$1,332,771 (4.8%) is unassigned fund balance in the general fund. Other assigned fund balances include: \$3,414,401 to be used for community services related to street projects, \$6,865,523 to be used for City General operations, \$3,967,795 to be used for City projects, \$773 for housing rehabilitation, and \$1,733,951 only to be used to fund activities in the community services of the City's Other Governmental Funds. Additionally, \$1,124,357 can only be used to fund library expenditures and \$400,306 must be used to pay debt obligations. Fund balance committed for public safety and capital outlay are \$2,930,112 and \$5,702,995, respectively. Finally, \$245,755 is classified as non-spendable with the majority, \$174,101 being inventory.

The general fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance was \$1,332,771. Within the assigned fund balance, the City should maintain \$6,865,523 to pay personnel and operation expenses from October 1st until property tax revenues are received in late January. Additionally, \$3,967,795 has been budgeted and assigned from fund balance to build the Indian Creek Plaza, update facades downtown and complete multiple projects. The remaining unassigned fund balance of \$1,332,771 can be used for one-time expenditures approved by city council. Total fund balance amounted to \$20,804,613, which is \$460,631 more than last year. Revenues exceeded budget by \$1,079,806 while expenditures were under budget \$6,165,298. The net of other financing sources/uses was under budget by \$243,793. Net change in general fund's fund balance due to positive budget variances is an increase of \$7,001,311.

As a measure of the general fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$26,350,690. Unassigned fund balance represents 6.41% and total fund balance represents 78.9% of total general fund expenditures. This unassigned fund balance represents 4.6% of budgeted general fund expenditures of \$28,934,546 in 2019.

Major components affecting the general fund's total fund balance are \$2,930,112 committed for safety services and committed funds from impact fees for new parks, police and fire capital improvements and capital equipment for park's maintenance of \$5,702,995. Receivables for property taxes due within one year total \$13,982,885.

The street fund builds, maintains and monitors all roads, bridges, storm drains and other public easements within city limits. At the end of the current fiscal year, assigned fund balance in the street fund was \$3,414,401, which is \$183,361 greater than last year. This fund balance is designated for streets and related transportation projects and is reported to the State Transportation Department annually. The street fund tries to maintain fund balance to cover all budgeted capital expenditures for the coming fiscal year to insure timely payment of all current obligations, contracts and construction projects. The next fiscal year capital expenditures budget equals \$3,711,000.

*Proprietary Funds.* The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The changes in total net position for the Water, Sewer, and Sanitation funds were \$2,831,395, \$4,192,877 and (\$143,889), respectively. Total net position increases in the water fund resulted from excess revenues over expenditures of \$1,366,485 (before contributions and transfers). The increase in sewer fund net position also resulted from excess revenues over expenditures of \$3,254,343 (before contributions and transfers). The sanitation fund does not carry any fixed assets or debt. Therefore, the net position decrease of \$143,889 is related to a transfer out to the general fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

**Budget to Actual Revenues.** General fund revenues exceeded budget projections by \$1,079,806. This variance is reported in detail on page 68. Property tax revenue is \$266,059 over budget resulting from delinquent tax collections. Intergovernmental revenues, which are comprised of sales tax and revenue sharing, exceeded budget by \$428,627. All these increases are signs of an improving economy.

**Budget to Actual Expenditures.** Savings in general fund expenditures totaled \$6,165,298. General government expenditures in excess of budget of \$154,775 is attributed to cost sharing expenses related to the sale of land. Public safety expenditures were under budget by \$134,056 due to savings in operations and capital.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities at September 30, 2018, amounts to \$208,042,725 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings including water and sewer service lines and streetlights, automobiles and equipment, infrastructure including streets, roads and bridges, and construction in progress. The City added \$35,260,718 in capital assets during the year and retired assets totaling \$360,751. Depreciation expense for the year was \$8,774,302.

Major capital asset additions during the current fiscal year included the following:

Governmental Funds:

• Gen Fund Land	\$ 107,000
• Gen Fund Buildings	1,157,759
• Building Dept. Vehicles	28,782
• Fire Vehicles	389,677
• Police Vehicles	474,562
• CEC Equip. & Machinery	92,591
• Park Equipment & Vehicles	231,609
• Rec Building Parking Lot & landscaping	214,289
• Road & Pathway Construction	401,566
• Concrete LID Construction	491,950
• Street Equipment & Vehicles	1,263,264
• Street Dept. Building Improvements	450,630
• Storm Drain/Culverts	19,151
• Airport Improvements	2,137,790
• Veterans Building Improvements	52,441
• Gen Fund Improvements-Downtown	1,686,770
• Library New Reader Board Sign	31,873
• Dedicated Streets	5,741,957
• Dedicated Storm Drains	377,594
• Downtown Plaza Stage & Rec Center	4,763,229
• ROW's and Easements	1,146,981

Enterprise Funds:

• Water Department Vehicle	\$ 19,133
• Golf Machinery & Equipment	406,143
• St Light Machinery & Equipment	46,404
• Sewer Department Vehicle	26,688
• Dedicated Water Lines	1,391,818
• Water Meters & Water Lines	375,184
• Dedicated Sewer Lines	902,760
• Irrigation Pump Station Rebuilds & Upgrades	20,432
• Dedicated Irrigation	714,896
• Sewer Plant Site Improvements	9,743,173
• Dedicated Street Lights	352,623

Additional information on the City's capital assets can be found in Note 5.

**Long-term debt.** At the end of the current fiscal year, the City had \$1,825,000 in outstanding debt consisting of revenue bonds. Specific revenue sources secured all of the debt.

The City's total debt decreased \$1,120,000 during the current fiscal year from the 2017 balance of \$2,945,000. No new long-term debt was added during 2018. Interest cost incurred in 2018 totaled \$148,445. Additional information on the City's long-term debt can be found in Note 7.

## **ECONOMIC FACTORS AND NEXT YEAR'S PLANS**

Enterprise fund utility rate increases varied in 2018. Water and sewer rates were increased 4.9% and 4.9%, respectively in 2018. Sanitation (garbage collection) rates increased 2.38% and streetlights increased 3%. These rates are set by council resolution each year including a public hearing for fee increases in excess of 5% of the fee previously charged.

**Pending Conditions of Significant Importance.** Economic conditions continued to improve in 2018. The demand for new single-family residential units in 2018 resulted in 515 building permits issued. Real estate prices and sales increased as more buyers continued to enter the market. As home sales prices increased, so did the county assessed values. After losing \$411,226,467 in assessed value from 2008 – 2013, assessed values rebounded further in 2018 by \$200,099,856. New construction and annexations added \$68,873,824. Taxable values at September 30, 2018, reached \$2,052,742,481 compared to the highest values recorded in 2008 of \$1,492,249,718. Property taxes levied on this \$2,052,742,481 are \$16,914,283 compared to \$12,226,839 levied on the \$1,492,249,718 in 2008 with a levy rate of 82.2 mills. The result of increased funding at lower assessed values is higher levy rates. City-wide levy rates dropped 7.9% to 91.4 mills in 2018 compared to 99.3 mills in 2017. City council reduced the levy rate 8.9% to 82.5 mills in the 2019 budget and plans to continue levy rate reductions in future years.

The economy is returning to sustainable levels of new construction. Building permits, January-December, for new construction commercial and residential were 534 in 2017 and 631 in 2018. Demand for residential and commercial building permits should continue at these levels in 2019.

**Requests for Information.** This financial report is designed to provide a general overview of the City of Caldwell's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Caldwell, P.O. Box 1179 411 Blaine St., Caldwell, Idaho 83606.



City of Caldwell, Idaho  
Statement of Net Position  
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash, investments and cash equivalents	\$ 26,569,885	\$ 23,899,450	\$ 50,469,335
Prepaid expenses	11,411	1,378	12,789
Receivables			
Interest	222,565	32,882	255,447
Taxes	17,588,660	-	17,588,660
Intergovernmental	2,500,995	-	2,500,995
Accounts	291,373	2,570,235	2,861,608
Special assessments	228,629	-	228,629
Grants	1,620,631	-	1,620,631
Notes receivable, current portion	335,243	-	335,243
Internal balances	425,000	(425,000)	-
Inventory	174,101	218,261	392,362
	<u>49,968,493</u>	<u>26,297,206</u>	<u>76,265,699</u>
<b>Noncurrent Assets</b>			
Restricted cash, investments and cash equivalents	290,385	769,304	1,059,688
Restricted investments	255,753	-	255,753
Notes receivable, net of current portion	550,000	-	550,000
Net pension asset	4,566,267	-	4,566,267
Capital assets			
Land and other assets not depreciated	15,105,808	19,600,329	34,706,137
Capital assets being depreciated	101,814,254	71,522,335	173,336,589
	<u>122,582,467</u>	<u>91,891,968</u>	<u>214,474,434</u>
<b>Deferred Outflows of Resources</b>			
Pension obligation	1,518,672	232,806	1,751,478

City of Caldwell, Idaho  
Statement of Net Position  
September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Current Liabilities</b>			
Vouchers and payroll payable	3,879,417	2,067,035	5,946,452
Customer deposits	35,135	581,704	616,839
Interest payable	-	12,791	12,791
Current portion of compensated absences	958,290	127,607	1,085,897
Current portion of long-term liabilities	-	775,000	775,000
Total current liabilities	<u>4,872,842</u>	<u>3,564,137</u>	<u>8,436,979</u>
<b>Noncurrent Liabilities</b>			
Bonds payable	-	1,050,000	1,050,000
OPEB liability	561,264	-	561,264
Net pension liability	<u>5,521,625</u>	<u>819,944</u>	<u>6,341,569</u>
Total noncurrent liabilities	<u>6,082,889</u>	<u>1,869,944</u>	<u>7,952,833</u>
<b>Deferred Inflows of Resources</b>			
Pension obligation	1,189,370	148,946	1,338,316
OPEB obligation	16,882	-	16,882
Unavailable property tax revenue	<u>16,914,256</u>	<u>-</u>	<u>16,914,256</u>
Total deferred inflows of resources	<u>18,120,508</u>	<u>148,946</u>	<u>18,269,454</u>
<b>Net Position</b>			
Net investment in capital assets	116,920,062	89,297,664	206,217,726
Restricted	-	769,304	769,304
Unrestricted	<u>28,073,331</u>	<u>22,771,986</u>	<u>50,845,317</u>
Total net position	<u>\$ 144,993,393</u>	<u>\$ 112,838,954</u>	<u>\$ 257,832,347</u>

City of Caldwell, Idaho  
Statement of Activities  
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities					
General government					
Executive and legislative	\$ 313,708	\$ -	\$ -	\$ -	\$ (313,708)
Administrative	263,534	-	-	-	(263,534)
Legal	212,325	-	-	-	(212,325)
City clerk	184,385	37,782	-	-	(146,603)
Accounting	345,937	-	-	-	(345,937)
Tort insurance	354,201	354,201	-	-	-
Other general government	2,521,069	866,601	-	-	(1,654,468)
Government buildings and engineering services	1,222,733	1,279,509	-	-	56,776
Public safety					
Law enforcement	9,315,539	780,228	134,791	-	(8,400,520)
Fire department	6,014,274	2,375,961	64,338	-	(3,573,975)
Building safety	849,867	2,128,585	-	-	1,278,718
Parks and recreation					
Parks	2,017,204	993,260	-	-	(1,023,944)
Culture and recreation	201,274	147,398	-	-	(53,876)
Community services					
Community services	2,078,768	393,163	4,319	2,204,978	523,692
Community development	647,495	-	1,392,292	12,606,703	13,351,500
Senior citizens	42,299	-	-	-	(42,299)
Streets	7,045,683	1,145,734	-	325,347	(5,574,602)
Interest on long-term debt	5,963	-	-	-	(5,963)
Total governmental activities	<u>33,636,258</u>	<u>10,502,422</u>	<u>1,595,740</u>	<u>15,137,028</u>	<u>(6,401,068)</u>
Business-Type Activities					
Water	4,130,912	5,288,760	-	1,453,864	2,611,712
Sewer	6,719,128	9,917,457	-	902,760	4,101,089
Sanitation	4,033,185	4,103,743	-	-	70,558
Golf	1,222,814	900,380	-	-	(322,434)
Street lighting	782,210	575,041	-	352,623	145,454
Irrigation	1,233,219	1,422,016	-	714,896	903,693
Total business-type activities	<u>18,121,468</u>	<u>22,207,397</u>	<u>-</u>	<u>3,424,143</u>	<u>7,510,072</u>
Total Primary Government	<u>\$ 51,757,726</u>	<u>\$ 32,709,819</u>	<u>\$ 1,595,740</u>	<u>\$ 18,561,171</u>	<u>\$ 1,109,004</u>

City of Caldwell, Idaho  
Statement of Activities  
Year Ended September 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Change in Net Position			
Net revenue (expense)	\$ (6,401,068)	\$ 7,510,072	\$ 1,109,004
General revenues			
Shared revenues			
Property taxes, levied for general purposes	16,503,068	-	16,503,068
Property taxes, levied for debt service	349,089	-	349,089
Franchise fees	731,977	-	731,977
Sales tax and other governmental	6,952,241	-	6,952,241
Special assessments for debt service of Local Improvement Districts	83,378	-	83,378
Unrestricted investment earnings	460,332	415,294	875,626
Unrestricted unrealized loss on investments	(222,317)	(311,855)	(534,172)
Miscellaneous	180,628	356,018	536,646
Transfers	338,179	(338,179)	-
Total general revenues and transfers	<u>25,376,575</u>	<u>121,278</u>	<u>25,497,853</u>
Change in Net Position	18,975,507	7,631,350	26,606,857
Net Position, Beginning of Year	126,722,655	105,207,604	231,930,259
Restatement (see note 14)	<u>(704,769)</u>	<u>-</u>	<u>(704,769)</u>
Net Position, Beginning of Year as Restated	<u>126,017,886</u>	<u>105,207,604</u>	<u>231,225,490</u>
Net Position, End of Year	<u>\$ 144,993,393</u>	<u>\$ 112,838,954</u>	<u>\$ 257,832,347</u>

City of Caldwell, Idaho  
Balance Sheet – Governmental Funds  
September 30, 2018

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash, investments and cash equivalents	\$ 20,277,753	\$ 3,406,855	\$ 2,203,146	\$ 25,887,754
Prepaid expenses	5,417	-	5,994	11,411
Receivables				
Interest	28,610	5,133	188,352	222,095
Taxes	13,982,885	2,020,507	1,585,268	17,588,660
Intergovernmental	1,377,946	768,169	354,880	2,500,995
Accounts	130,403	5,460	155,378	291,241
Special assessments	-	-	228,629	228,629
Grants	29,667	-	1,590,964	1,620,631
Notes	-	-	60,243	60,243
Due from other funds	10,748	-	71,000	81,748
Advances	-	-	354,000	354,000
Inventory	-	174,101	-	174,101
Restricted cash and cash equivalents	42,300	-	248,085	290,385
Restricted investments	-	-	255,753	255,753
	<u>\$ 35,885,729</u>	<u>\$ 6,380,225</u>	<u>\$ 7,301,692</u>	<u>\$ 49,567,646</u>
<b>Liabilities, Deferred Inflows, and Fund Balances</b>				
<b>Liabilities</b>				
Vouchers and payroll payable	\$ 1,177,043	\$ 771,216	\$ 1,931,158	\$ 3,879,417
Customer deposits	-	-	35,135	35,135
Due to other funds	-	-	10,611	10,611
	<u>1,177,043</u>	<u>771,216</u>	<u>1,976,904</u>	<u>3,925,163</u>
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	13,904,073	2,020,507	1,585,269	17,509,849
Unavailable revenue	-	-	413,895	413,895
Total deferred inflows of resources	<u>13,904,073</u>	<u>2,020,507</u>	<u>1,999,164</u>	<u>17,923,744</u>
<b>Fund Balances</b>				
Nonspendable	5,417	174,101	66,237	245,755
Committed for public safety	2,930,112	-	-	2,930,112
Committed for capital outlay	5,702,995	-	-	5,702,995
Assigned for housing rehabilitation	-	-	773	773
Assigned for library services	-	-	1,124,357	1,124,357
Assigned for debt services	-	-	400,306	400,306
Assigned for community services	-	3,414,401	1,733,951	5,148,352
Assigned for operations	6,865,523	-	-	6,865,523
Assigned for city projects	3,967,795	-	-	3,967,795
Unassigned	1,332,771	-	-	1,332,771
Total fund balances	<u>20,804,613</u>	<u>3,588,502</u>	<u>3,325,624</u>	<u>27,718,739</u>
	<u>\$ 35,885,729</u>	<u>\$ 6,380,225</u>	<u>\$ 7,301,692</u>	<u>\$ 49,567,646</u>

City of Caldwell, Idaho  
 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
 September 30, 2018

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Fund balance - total governmental funds		\$ 27,718,739
<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. The costs of the assets is \$166,193,954 and the accumulated depreciation is \$49,273,892.</p>		116,920,062
<p>Some of the property taxes receivable are not available to pay for current-period expenditures and therefore are deferred in the funds.</p>		595,593
<p>Some of the City's long-term receivables will be collected after year-end, but are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:</p>		
Loan to other governments	825,000	
Interest receivable on community development loans	18,284	
Special assessments	395,611	1,238,895
<p>The obligations related to the PERSI base plan and the PERSI FRF plan are not due and payable in the current period nor are they financial resources in the current period. Therefore, they are not reported in the funds.</p>		
Net pension asset related to the PERSI FRF plan	4,566,267	
Net pension liability related to the PERSI base plan	(5,521,625)	
Deferred inflow of resources related to PERSI plans	(1,189,370)	
Deferred outflow of resources related to PERSI plans	1,518,672	(626,056)
<p>A portion of the accrued compensated absences are not due and payable in the current period and therefore, are not reported in the funds.</p>		(958,290)
<p>Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.</p>		104,450
Net position of governmental activities		\$ 144,993,393

City of Caldwell, Idaho  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended September 30, 2018

	General	Street	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 12,969,765	\$ 1,969,116	\$ 1,860,959	\$ 16,799,840
Franchise fees	731,977	-	-	731,977
Interest	299,651	52,447	100,381	452,479
Licenses and permits	2,166,367	-	-	2,166,367
Intergovernmental	2,473,082	3,425,689	1,053,470	6,952,241
Capital grants	-	325,347	2,209,297	2,534,644
Operating grants	1,591,421	129,551	124,391	1,845,363
Charges for services	6,331,898	1,145,734	858,423	8,336,055
Assessments	-	-	83,378	83,378
Unrealized loss on investments	(173,176)	(17,958)	(28,176)	(219,310)
Miscellaneous	168,658	28,961	52,532	250,151
<b>Total revenues</b>	<b>26,559,643</b>	<b>7,058,887</b>	<b>6,314,655</b>	<b>39,933,185</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	6,276,548	-	-	6,276,548
Public safety	15,444,932	-	-	15,444,932
Culture and recreation	201,274	-	1,639,194	1,840,468
Community services	402,981	-	1,977,126	2,380,107
Streets	-	4,376,821	-	4,376,821
<b>Debt service</b>				
Principal on long-term debt	-	-	375,000	375,000
Interest and other	-	-	18,750	18,750
Capital outlay	4,024,955	2,557,560	2,542,189	9,124,704
<b>Total expenditures</b>	<b>26,350,690</b>	<b>6,934,381</b>	<b>6,552,259</b>	<b>39,837,330</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>208,953</b>	<b>124,506</b>	<b>(237,604)</b>	<b>95,855</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	43,386	-	-	43,386
Contributions from other governments	-	-	216,000	216,000
Loan repayments from other governments	-	-	275,000	275,000
Transfers in	425,000	58,855	216,707	700,562
Transfers out	(216,708)	-	(145,675)	(362,383)
<b>Total other financing sources (uses)</b>	<b>251,678</b>	<b>58,855</b>	<b>562,032</b>	<b>872,565</b>
<b>Net Change in Fund Balances</b>	<b>460,631</b>	<b>183,361</b>	<b>324,428</b>	<b>968,420</b>
<b>Fund Balance, Beginning of Year</b>	<b>20,343,982</b>	<b>3,405,141</b>	<b>3,001,196</b>	<b>26,750,319</b>
<b>Fund Balance, End of Year</b>	<b>\$ 20,804,613</b>	<b>\$ 3,588,502</b>	<b>\$ 3,325,624</b>	<b>\$ 27,718,739</b>

City of Caldwell, Idaho  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
 Funds to the Statement of Activities  
 Year Ended September 30, 2018

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Net change in fund balances - total governmental funds \$ 968,420

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

Government funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	9,124,704
Depreciation expense	(4,611,383)

In the statement of activities, the gain (loss) on sale of the equipment is reported, whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the equipment sold. (151,614)

Capital assets contributed do not provide financial resources. 12,136,761

Some property tax revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 52,317

Some of the City's long-term receivables will not be collected for several months after the City's fiscal year end and they are not considered available revenues in the governmental funds, but are instead counted as unavailable revenues. They are however, recorded as revenues in the statement of activities.

Special assessments	(69,522)
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Loans to other governments require the use of financial resources but are recorded as notes receivable in the government-wide financial statements. (275,000)

Revenues (expenditures) related to the PERSI obligations do not require the use of current financial resources and therefore, are not reported as revenue or expenditures in the governmental funds. 1,397,312

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. Also, governmental funds report the effect of premiums when the debt is first issued, whereas, there amounts are deferred and amortized in the statement of activities.

Principle payments	375,000
Amortization of premium	11,225



City of Caldwell, Idaho

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended September 30, 2018

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Interest expense accrued but not paid 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.	1,562
Expenditures related to the long-term portion of accrued compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(137,560)
Internal service funds are used by management to charge the costs of certain employee benefits to individual funds. The net revenue (expense) of certain internal service funds are included in governmental activities in the statement of activities.	<u>153,285</u>
Change in Net Position	<u><u>\$ 18,975,507</u></u>

City of Caldwell, Idaho  
Statement of Net Position – Proprietary Funds  
September 30, 2018

	Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Other	Total	Internal
				Enterprise		Service
			Funds		Funds	
<b>Assets</b>						
<b>Current Assets</b>						
Cash, investments and cash equivalents	\$ 7,678,126	\$ 12,340,846	\$ 910,435	\$ 2,970,043	\$ 23,899,450	\$ 682,131
Prepaid expenses	-	1,378	-	-	1,378	-
Receivables						
Interest	8,661	18,929	1,615	3,677	32,882	470
Accounts, net	572,415	1,015,490	486,653	495,677	2,570,235	132
Due from other funds	-	410,976	-	-	410,976	-
Inventory	209,261	-	-	9,000	218,261	-
<b>Total current assets</b>	<b>8,468,463</b>	<b>13,787,619</b>	<b>1,398,703</b>	<b>3,478,397</b>	<b>27,133,182</b>	<b>682,733</b>
<b>Noncurrent Assets</b>						
Restricted cash, investments and cash equivalents	-	769,304	-	-	769,304	-
Capital assets						
Capital assets not being depreciated	175,269	19,092,541	-	332,519	19,600,329	-
Capital assets being depreciated (net)	22,862,106	44,124,156	-	4,536,073	71,522,335	-
<b>Total noncurrent assets</b>	<b>23,037,375</b>	<b>63,986,001</b>	<b>-</b>	<b>4,868,592</b>	<b>91,891,968</b>	<b>-</b>
<b>Deferred Outflow of Resources</b>						
Pension obligation	122,614	75,756	-	34,436	232,806	-
	<b>\$ 31,628,452</b>	<b>\$ 77,849,376</b>	<b>\$ 1,398,703</b>	<b>\$ 8,381,425</b>	<b>\$ 119,257,956</b>	<b>\$ 682,733</b>

City of Caldwell, Idaho  
Statement of Net Position – Proprietary Funds  
September 30, 2018

	Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Other	Total	Activities
				Enterprise Funds		Internal Service Funds
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Vouchers and payroll payable	\$ 153,869	\$ 1,424,506	\$ 307,365	\$ 181,295	\$ 2,067,035	\$ -
Customer deposits	519,540	41,980	-	20,184	581,704	-
Due to other funds	410,976	-	-	71,000	481,976	137
Advances	-	-	-	354,000	354,000	-
Interest payable	1,219	11,572	-	-	12,791	-
Current portion of compensated absences payable	95,928	14,516	-	17,163	127,607	-
Current portion of long-term liabilities	-	775,000	-	-	775,000	-
<b>Total current liabilities</b>	<b>1,181,532</b>	<b>2,267,574</b>	<b>307,365</b>	<b>643,642</b>	<b>4,400,113</b>	<b>137</b>
<b>Noncurrent Liabilities</b>						
Bonds payable	-	1,050,000	-	-	1,050,000	-
OPEB liability	-	-	-	-	-	561,264
Net pension liability	441,317	269,891	-	108,736	819,944	-
<b>Total noncurrent liabilities</b>	<b>441,317</b>	<b>1,319,891</b>	<b>-</b>	<b>108,736</b>	<b>1,869,944</b>	<b>561,264</b>
<b>Deferred Inflow of Resources</b>						
Changes in assumptions-OPEB	-	-	-	-	-	16,882
Pension obligation	84,724	54,737	-	9,485	148,946	-
<b>Total deferred inflow of resources</b>	<b>84,724</b>	<b>54,737</b>	<b>-</b>	<b>9,485</b>	<b>148,946</b>	<b>16,882</b>
<b>Net Position</b>						
Net investment in capital assets	23,037,375	61,391,697	-	4,868,592	89,297,664	-
Restricted	-	769,304	-	-	769,304	-
Unrestricted	6,883,504	12,046,173	1,091,338	2,750,970	22,771,985	104,450
<b>Total net position</b>	<b>29,920,879</b>	<b>74,207,174</b>	<b>1,091,338</b>	<b>7,619,562</b>	<b>112,838,953</b>	<b>104,450</b>
	<b>\$ 31,628,452</b>	<b>\$ 77,849,376</b>	<b>\$ 1,398,703</b>	<b>\$ 8,381,425</b>	<b>\$ 119,257,956</b>	<b>\$ 682,733</b>

City of Caldwell, Idaho  
Statement Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended September 30, 2018

	Enterprise Funds					Governmental
	Water	Sewer	Sanitation	Other Enterprise Funds	Total	Internal Service Funds
<b>Operating Revenues</b>						
Charges for services	\$ 4,803,531	\$ 9,832,492	\$ 4,103,743	\$ 2,897,437	\$ 21,637,203	\$ 159,298
Other	170,740	17,758	145,621	21,899	356,018	-
<b>Total operating revenues</b>	<b>4,974,271</b>	<b>9,850,250</b>	<b>4,249,364</b>	<b>2,919,336</b>	<b>21,993,221</b>	<b>159,298</b>
<b>Operating Expenses</b>						
Personnel expenses	1,331,375	642,726	-	472,374	2,446,475	29,054
Contractual services	609,482	1,777,388	3,957,168	724,317	7,068,355	108,427
Materials and supplies	44,629	382,593	51,215	269,661	748,098	-
Utilities	342,888	544,271	-	797,093	1,684,252	-
Repairs and maintenance	371,413	393,599	-	636,958	1,401,970	-
Other expenses	67,034	325,381	24,802	62,488	479,705	-
Depreciation	1,341,308	2,546,258	-	275,352	4,162,918	-
<b>Total operating expenses</b>	<b>4,108,129</b>	<b>6,612,216</b>	<b>4,033,185</b>	<b>3,238,243</b>	<b>17,991,773</b>	<b>137,481</b>
<b>Operating Income (Loss)</b>	<b>866,142</b>	<b>3,238,034</b>	<b>216,179</b>	<b>(318,907)</b>	<b>4,001,448</b>	<b>21,817</b>
<b>Nonoperating Revenues (Expenses)</b>						
Hook-on-fees	485,229	84,965	-	-	570,194	-
Interest expense	(22,783)	(106,912)	-	-	(129,695)	-
Interest income	92,964	258,214	25,223	38,893	415,294	7,853
Unrealized gain (loss) on investments	(55,067)	(219,958)	(10,291)	(26,539)	(311,855)	(3,007)
OPEB expenses (offset)	-	-	-	-	-	126,622
<b>Nonoperating revenues (expenses)</b>	<b>500,343</b>	<b>16,309</b>	<b>14,932</b>	<b>12,354</b>	<b>543,938</b>	<b>131,468</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,366,485</b>	<b>3,254,343</b>	<b>231,111</b>	<b>(306,553)</b>	<b>4,545,386</b>	<b>153,285</b>
Contributions from developers	1,453,864	902,760	-	1,067,519	3,424,143	-
Operating transfers in	11,046	35,774	-	-	46,820	-
Operating transfers out	-	-	(375,000)	(10,000)	(385,000)	-
<b>Change in Net Position</b>	<b>2,831,395</b>	<b>4,192,877</b>	<b>(143,889)</b>	<b>750,966</b>	<b>7,631,349</b>	<b>153,285</b>
<b>Net Position, Beginning of Year</b>	<b>27,089,484</b>	<b>70,014,297</b>	<b>1,235,227</b>	<b>6,868,596</b>	<b>105,207,604</b>	<b>655,934</b>
<b>Restatement (See Note 14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(704,769)</b>
<b>Net Position, End of Year</b>	<b>\$ 29,920,879</b>	<b>\$ 74,207,174</b>	<b>\$ 1,091,338</b>	<b>\$ 7,619,562</b>	<b>\$ 112,838,953</b>	<b>\$ 104,450</b>

	Enterprise Funds		
	Water	Sewer	Sanitation
Operating Activities			
Received from user charges	\$ 4,864,238	\$ 9,835,972	\$ 4,215,435
Payments to employees for services	(1,349,276)	(659,660)	-
Payments to suppliers for goods and services	(1,834,123)	(3,013,320)	(4,020,555)
Net Cash from (used for) Operating Activities	1,680,839	6,162,992	194,880
Noncapital Financing Activities			
Transfers in (out)	11,046	35,774	(375,000)
Net Cash from (used for) Noncapital Financing Activities	11,046	35,774	(375,000)
Capital and Related Financing Activities			
Acquisition of capital assets	(332,271)	(9,743,172)	-
Hook-on fees	485,229	84,965	-
Principal payments on bonds payable	-	(745,000)	-
Advances			
Interest paid	(22,783)	(106,912)	-
Net Cash from (used for) Capital and Related Financing Activities	130,175	(10,510,119)	-
Investing Activities			
Interest received on investments	90,024	259,928	24,936
Net decrease in pooled investments	(55,067)	(219,958)	(10,291)
Net Cash from Investing Activities	34,957	39,970	14,645
Net Change in Cash and Cash Equivalents	1,857,017	(4,271,383)	(165,475)
Cash, Investments and Cash Equivalents, October 1, 2017	5,821,109	17,381,533	1,075,910
Cash, Investments and Cash Equivalents, September 30, 2018	\$ 7,678,126	\$ 13,110,150	\$ 910,435
Supplemental Information			
Contributed property, plant and equipment	\$ 1,453,864	\$ 902,760	\$ -

See Notes to Financial Statements

City of Caldwell, Idaho  
Statement of Cash Flows – Proprietary Funds  
Year Ended September 30, 2018

Other Enterprise Funds	Total	Internal Service Funds
\$ 2,922,423	\$ 21,838,068	\$ 137,415
(483,865)	(2,492,801)	(111,569)
(2,455,888)	(11,323,886)	(4,360)
(17,330)	8,021,381	21,486
(10,000)	(338,180)	-
(10,000)	(338,180)	-
(499,667)	(10,575,110)	-
-	570,194	-
-	(745,000)	-
425,000	425,000	-
-	(129,695)	-
(74,667)	(10,454,611)	-
37,997	412,885	7,706
(26,539)	(311,855)	(3,007)
11,458	101,030	4,699
(90,539)	(2,670,380)	26,185
3,060,582	27,339,134	655,946
\$ 2,970,043	\$ 24,668,754	\$ 682,131
\$ 1,067,519	\$ 3,424,143	\$ -

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	Enterprise Funds		
	Water	Sewer	Sanitation
Reconciliation of Operating Income (Loss) to Net Cash from operating activities			
Operating income (loss)	\$ 866,142	\$ 3,238,034	\$ 216,179
Depreciation	1,341,308	2,546,258	-
GASB 68 pension expense	(23,409)	(11,585)	-
Changes in assets and liabilities			
Accounts receivable	22,139	(35,324)	(33,929)
Prepaid Expenses	-	(1,378)	-
Internal balances	(386,942)	386,942	-
Inventory	(38,926)	-	-
Vouchers payable	28,130	24,437	12,630
Compensated absences	4,569	(5,438)	-
Customer deposits	(132,172)	21,046	-
Net Cash from (used for) Operating Activities	<u>\$ 1,680,839</u>	<u>\$ 6,162,992</u>	<u>\$ 194,880</u>

See Notes to Financial Statements

City of Caldwell, Idaho  
Statement of Cash Flows – Proprietary Funds  
Year Ended September 30, 2018

<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ (318,907)	\$ 4,001,448	\$ 21,817
275,352	4,162,918	-
(11,038)	(46,032)	-
(14,431)	(61,545)	(132)
-	(1,378)	-
-	-	137
(9,000)	(47,926)	-
45,043	110,240	(336)
(1,866)	(2,735)	-
17,517	(93,609)	-
<u>\$ (17,330)</u>	<u>\$ 8,021,381</u>	<u>\$ 21,486</u>



City of Caldwell, Idaho  
Statement of Fiduciary Net Position – Fiduciary Funds  
September 30, 2018

	Business Improvement District Fund	Agency Fund	Employee Benefit Plan Trust
<b>Assets</b>			
Cash	\$ 122,376	\$ 294,681	\$ 2,290,863
Accounts receivables	29,082	30	-
<b>Total current assets</b>	<u>151,458</u>	<u>294,711</u>	<u>2,290,863</u>
	<u>\$ 151,458</u>	<u>\$ 294,711</u>	<u>\$ 2,290,863</u>
<b>Liabilities</b>			
Vouchers payables	\$ 151,458	\$ 208,370	\$ 93,699
Due to other entities	-	86,341	-
Health claims incurred but not reported	-	-	272,000
<b>Total long-term liabilities</b>	<u>-</u>	<u>-</u>	<u>272,000</u>
<b>Total liabilities</b>	<u>151,458</u>	<u>294,711</u>	<u>365,699</u>
<b>Net Position</b>	<u>-</u>	<u>-</u>	<u>1,925,164</u>
<b>Total Liabilities, and Net Position</b>	<u>\$ 151,458</u>	<u>\$ 294,711</u>	<u>\$ 2,290,863</u>

City of Caldwell, Idaho  
Statement Revenues, Expenses, and Changes in Net Position – Fiduciary Funds  
Year Ended September 30, 2018

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	<u>Employee Benefit Plan Trust</u>
Contributions	
Employer	\$ 3,247,688
Employees	270,032
COBRA	<u>21,944</u>
Total contributions	<u>3,539,664</u>
Other Income	
Rebates	<u>21,710</u>
Total other income	<u>21,710</u>
Deductions	
Insurance claim benefits	2,823,806
Change in IBNR	70,000
Administrative expenses	<u>627,885</u>
Total deductions	<u>3,521,691</u>
Change in Net Position	39,683
Net Position, Beginning of Year	<u>1,885,481</u>
Net Position, End of Year	<u>\$ 1,925,164</u>

## **Note 1 - Summary of Significant Accounting Policies**

City of Caldwell, Idaho (the City) operates under a Mayor and Council form of government and provides the following services as authorized by its charter: public safety (police and fire), parks and recreation, community services, streets, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's most significant accounting policies are described below.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments.

### **Financial Reporting Entity**

For financial reporting purposes, the financial statements for the City include all organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City's Mayor is responsible for appointing members of the Caldwell Housing Authority Board, but the City's accountability for this organization does not extend beyond making the appointments. Therefore, Caldwell Housing Authority is not included in the City's financial statements.

The Caldwell East Urban Renewal Agency (URA) was organized on December 21, 1998, to oversee redevelopment efforts in the Northeastern Caldwell areas. The City Council served as the board of commissioners for the URA. As a result of state legislation on July 10, 2017, the Board of Commissioners for the Agency changed from six members from City Council to three members from City Council and three members from the public who reside within the urban renewal boundaries. As a result of this action, the URA is no longer considered a component unit of the City and not included in the City's financial statements.

### **Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 to 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Street Fund** - The Street Fund is used to account for the operation of the street system. Operation, maintenance and construction of the streets is provided by property taxes, state sales tax, state gas tax and federal/state transportation funds.

The City reports the following major enterprise funds:

**Water Fund** – The Water Fund is used to account for the operations of the water system.

**Sewer Fund** – The Sewer Fund is used to account for the operations of the sewer system.

**Sanitation Fund** – The Sanitation Fund is used to account for the billings and receipts for the City trash service. The trash collection is contracted out to an independent firm.

These funds are used to account for operations that are financed and operated in a manner similar to private business when the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered, primarily through user charges or when the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the City reports the following fund types:

**Internal Service Funds** - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City uses internal service funds to account for its employee section 125-benefit plan and to maintain and accumulate a post-retirement Health Retirement Account Voluntary Employee Beneficiary Association (HRA VEBA) authorized under Internal Revenue Code 501(c)(9). This plan is subject to vesting and provides post-retirement benefits only (see Note 9).

**Fiduciary Funds** – Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Government. Trust funds account for assets held by the Government under the terms of a formal trust agreement. Agency funds generally are used to account for assets that the Government holds on behalf of others as their agent, are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds are as follows:

The Business Improvement District fund was established in the in Fiscal year 2017 to account for assets held in an agency capacity for the Downtown Caldwell Business Improvement District that was established pursuant to Ordinance No 3067 in August of 2016.

Agency Funds account for asset held by the City for others in an agency capacity. These are funds collected from community projects and donations.

Employee Benefit Plan Trust Funds account for the revenues received, expenses incurred and the net position available for health benefits of the City's employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government when elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and products and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges for services to customers for sales and services. The Water and Sewer Funds also recognize as nonoperating revenue the portion of hook-on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments, including restricted cash, with a maturity of three months or less when purchased to be cash equivalents. The investment purchases and sales information is not available for individual funds and management believes that due to the nature of pooled investments this information is not significant for purposes of understanding the statement of cash flows. Accordingly, the net change method is used to report cash flows from investments in these statements.

For purposes of efficient cash flow management and the management of temporary investments, the City utilizes external investment pools for its cash.

### **Investments**

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, commercial paper, corporate bonds, repurchase agreements, City coupon and local improvement district bonds.

Investments are stated at fair value as determined by quoted market prices. The City pools its cash and investments to maximize interest income. The City allocates interest income on investments to the various funds based on the average balance of the net contribution of the respective fund.

### **Property Taxes Receivable**

Within the governmental fund financial statements, property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year-end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20.

Taxpayers may pay all or one-half of their tax liability on or before December 20. If one-half of the amount is paid on December 20, the remaining balance is due by the following June 20. Since the City is on a September 30 fiscal year-end, property taxes levied during September for the succeeding year's collection are recorded as unavailable revenue at the City's year-end and recognized as revenue in the following fiscal year. Canyon County bills and collects taxes for the City.

### **Deferred Inflows and Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents the use of net position that applies to future periods, so will not be recognized as an outflow of resources (expense) until that time. The government-wide statement of net position reports the future outflows related to pension obligations deferred outflows of resources. The balance of the deferred outflow of resources as of September 30, 2018, will be recognized as an expense and decrease in net position in the next fiscal year.

In addition to liabilities, the statement of net position and the fund balance sheet will sometimes report a separate section for deferred inflow of resources. This separate financial statement element represents an acquisition of net position that applies to future periods, so will not be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position reports the property taxes levied for the following year as well as future inflows related to pension obligations and other post-employment benefits as a deferred inflow of resources. The balance of the deferred inflow of resources as of September 30, 2018, will be recognized as a revenue and increase in net position in the next fiscal year.

The other items reported as deferred inflow of resources arises only under a modified accrual basis of accounting. Unavailable property tax revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. In addition, certain receivables recorded in the governmental fund financial statements are not available at year end, so the City records a deferred inflow of resources until such time as the revenue becomes available.

### **Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

### **Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Inventories**

Inventories are stated at the lower of cost (first-in, first-out method) or market. The costs of inventory items are recognized as expenditures in governmental funds when consumed (consumption method) and as expenses in proprietary funds when used.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$20,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are valued at their estimated acquisition value on the date donated. Public domain infrastructure consisting of roads and sidewalks are also reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Depreciation is recorded by use of the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	Estimated Useful Life (Years)
Buildings	10-50
Improvements other than buildings	7-40
Sewer and water service lines	30-50
Public domain infrastructure	30-50
Office furniture and equipment	3-30
Vehicles	5-10
Machinery and equipment	3-20

Maintenance, repairs and minor renewals are charged to operations as incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during construction of capital assets of business-type activities are capitalized when they are material. There were no interest costs included as part of the costs of capital assets under construction in the current year.

**Risk Management**

The City is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for liability insurance. The City’s exposure to loss from its participation in ICRMP is limited only to the extent of their deductible.



The City provides self-insurance against potential unemployment claims. Expenses and funding for these risks are provided for in the funds responsible for employment of the workers.

The City also partially self-insures health and accident insurance. The City established the "Employee Benefit Plan Trust" (the Trust) in 2008. All health claims are paid from this Trust and all plan contributions are deposited into it. The City's Human Resource Director and Treasurer serve as trustees. The Trust is audited each year and a copy of the audit is submitted to the Idaho Department of Insurance.

The City also maintains an internal service fund to account for employee life insurance premiums and long-term disability insurance.

All funds of the City participate in the self-insurance programs. A liability for claims is established in the Trust fund if information indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate for claims incurred but not reported (IBNR) on health and accident coverage is determined by the actual claims paid through the first few months of the following year. Claims paid in excess of the estimate, if any, are not expected to be material. No amounts were accrued in the City internal service fund in the current year.

### **Budgets**

In accordance with Title 50, Chapter 10 of the Idaho State Code, the City is required to prepare, approve and adopt an annual budget for filing with the local governing body, for informational purposes. A budget means an annual estimate of revenues and expenses for the following fiscal year of the agency.

### **Bonded Indebtedness**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are recognized in the period the bonds are issued.

In the fund financial statements, governmental fund types recognize long-term obligations as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Bond premiums and discounts, as well as bond issuance costs, are recognized in the period the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### General Obligation Bonds

The Bonds are general obligations of the City and the full faith, credit and resources of the City are pledged for the punctual payment of the principal of and interest on the Bonds. The Bonds are secured by *ad valorem* taxes to be levied against all taxable property within the City. These taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the Bonds. The General Obligation Bond was paid off in September 2018.

### Revenue Bonds

Parity lien sewer revenue refunding bonds issued in 2001 provided funding to retire a \$10,000,000 state revolving loan plus accrued interest. This bond was paid in full in 2010 through the issuance of parity lien sewer refunding bond, series 2010 through Wells Fargo Bank. Revenues collected by the water treatment plant are the primary source of monies to retire the bonds.

### **Compensated Absences Payable**

The City provides personal leave to its full-time employees. It is paid to employees when taken and will also be paid to employees or their beneficiaries upon the employee's termination, retirement or death. The amount of unpaid leave accumulated by City employees is accrued as an expense when incurred in the government-wide and proprietary fund financial statements, which use the accrual basis of accounting. The City does not pay earned sick pay upon the employees' termination, retirement or death. Accordingly, sick pay is not accrued since the amount is not a liability to the City. Compensated absences are paid by funds that employ full-time staff, which typically include the following funds: general, library, street, airport, recreation, cemetery, golf, water, and sewer.

### **Pensions**

For purposes of measuring the net pension asset, the net pension liability and pension expense (revenue), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and Firefighters' Retirement Fund (FRF) and additions to/deductions from Base Plan's and FRF's fiduciary net position have been determined on the same basis as they are reported by the Base Plan and FRF. 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.

### **Other Post Employment Benefits (OPEB)**

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB and plan expense, information has been actuarially determined as of September 30, 2018. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

### **Net Position and Fund Balances**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
- Restricted net position – consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. Restricted net position in the City's Sewer fund is restricted pursuant to bond covenants.
- Unrestricted net position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory or long-term notes receivable) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives).

Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

### **Other Revenues**

**Sales Taxes**—Sales taxes are collected by vendors and required to be remitted to the State of Idaho. The tax is then remitted to the City quarterly. A two month lag exists between collection by the vendor and payment to the City. Revenue received in October and November from sales made in August and September, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.

**Charges for Service**—Charges for services consist primarily of charges made by both governmental and enterprise funds for services such as city council, mayor, human resources, clerk, treasurer, engineering, mapping, insurance, attorney, payroll and accounting, utility billing and other benefits provided to customers of the City.

### **Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures and expenses during the reported period. The actual results could differ from those estimates.

### **New Accounting Standards**

As of October 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with other postemployment benefits other than pensions in their basic financial statements. Governments are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense (expense offset). The impact of the implementation of the standards on the beginning net position is disclosed in Note 14 and the additional disclosures required by the standard are included in Note 9 and in Required Supplementary Information.

**Note 2 - Cash and Investments**

At September 30, 2018, the City's cash and cash equivalents and investments (including fiduciary funds) were invested as follows:

	Cost	Fair Value
Cash and cash equivalents- Unrestricted		
Cash	\$ 12,115,856	\$ 12,115,856
Money market funds	2,585,462	2,585,462
Total cash and cash equivalents - unrestricted	\$ 14,701,318	\$ 14,701,318
	Cost	Fair Value
Cash and cash equivalents - Restricted		
Cash -library	\$ 248,084	\$ 248,084
Other restricted accounts	42,301	42,301
Total cash and cash equivalents - restricted	\$ 290,385	\$ 290,385
	Cost	Fair Value
Investments - Unrestricted		
Investments carried at fair value		
Local government investment pool	\$ 18,834,406	\$ 18,853,240
Idaho state treasurer's bond fund	19,518,862	19,622,697
	\$ 38,353,268	\$ 38,475,937
Investments - Restricted		
Investments carried at fair value		
US Government Agency Obligations	\$ 206,287	\$ 206,287
Idaho state treasurer's bond fund	788,921	769,303
Mutual funds	49,466	49,466
Total investments - restricted	\$ 1,044,674	\$ 1,025,056

Investment types that are authorized for the City of Caldwell, Idaho by the Idaho Code and the City's investment policy are as follows:

1. Local and State Agency Bonds
2. U.S. Agency Bonds
3. U.S. Agency Securities
4. Certificates of Deposit

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of long and short-term investments. The City keeps funds needed for operations in short-term liquid investments while maintaining a stable longer-term investment portfolio with duration matched to expected completion of capital projects. When selecting longer-term maturities, the City's policy requires investments which provide for the stability of income and reasonable liquidity.

Investments and maturity dates at September 30, 2018, were as follows:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Local Government					
Investment Pool	\$ 18,853,240	\$ 18,853,240	\$ -	\$ -	\$ -
Idaho State Treasurer's					
Bond Fund	20,392,000	-	20,392,000	-	-
US Government Agency	206,287	-	-	79	206,208
	<u>\$ 39,451,527</u>	<u>\$ 18,853,240</u>	<u>\$ 20,392,000</u>	<u>\$ 79</u>	<u>\$ 206,208</u>

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy requires a rating of A or better by Standard & Poor's or other nationally recognized rating agency.

Rating	U.S. Government Agency Obligation	Local Government Investment Pool	Idaho State Treasurer's Bond Fund	Total
AA+	\$ 168,568	\$ -	\$ -	\$ 168,568
Unrated	<u>37,719</u>	<u>18,853,240</u>	<u>20,392,000</u>	<u>39,282,959</u>
	<u>\$ 206,287</u>	<u>\$ 18,853,240</u>	<u>\$ 20,392,000</u>	<u>\$ 39,451,527</u>

**Concentration of Credit Risk**

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principle that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The City’s investment policy has no limitations on the amount that can be invested in any one issuer.

At September 30, 2018, investments in any one issuer (other than State investment pools) that represents 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percentage
Zion's Bank	Money Market	\$ 2,585,462	6.15%

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

The bank ledger balance for cash deposits at September 30, 2018, is \$12,569,185 of which \$12,156,278 was collateralized. Deposits in each local and area bank are insured by the FDIC in the amount of \$412,908 for interest bearing and non-interest bearing deposit accounts. The uninsured and uncollateralized deposit balance at September 30, 2018, was \$0. Money market fund are not considered deposits and thus are not insured by the FDIC and are not collateralized.

The City minimizes exposure to custodial credit risk by requiring that investments, to the extent possible, be identified as to City of Caldwell ownership and be held in the City’s name. All commercial paper, agency bonds and money market funds, including the cash management automatic investment account, are held in custody by U.S. Bank, First Interstate, or Zion’s First National Bank in the City’s name.

**Investment in State Investment Pools**

The City is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP) and the State of Idaho Diversified Bond Fund (DBF). Both the LGIP and the DBF are regulated by State of Idaho code under the oversight of the Treasurer of the State of Idaho. The fair value of the City’s investment in the pools is reported in the accompanying financial statements at amounts based on the City’s pro-rata share of the fair market value provided by the fund for the entire portfolio. Both the LGIP and the DBF are unrated.

The LGIP and DBF are managed by the State of Idaho Treasurer’s office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the various funds of the City in proportion to each fund’s respective investment balances.

**Fair Value**

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City’s investment fair value measurements are as follows at September 30, 2018.

<u>Investments</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Debt securities				
Corporate bonds	\$ 111,466	\$ -	\$ 111,466	\$ -
Mortgage-backed securities	94,821	-	94,821	-
	<u>206,287</u>	<u>-</u>	<u>206,287</u>	<u>-</u>
Mutual funds				
Short-term government	49,466	49,466	-	-
	<u>49,466</u>	<u>49,466</u>	<u>-</u>	<u>-</u>
Total investments	<u>255,753</u>	<u>\$ 49,466</u>	<u>\$ 206,287</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
Local government investment pool	18,853,240			
State of Idaho diversified bond fund	20,392,000			
Total investments measured at fair value	<u>\$ 39,500,993</u>			

Mutual funds categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Investments valued using NAV per share do not have readily obtainable fair values and are instead valued based on the City’s pro-rata share of the pool’s net position. The City values these investments based on the information provided by the State of Idaho Treasurer’s Office. The following table presents the unfunded commitments, redemption frequency and the redemption notice period for the City’s investments measured at NAV:

	Investments Measured at NAV			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local government investment pool	\$ 18,853,240	None	Next business day	3 days; over \$10,000,000
State of Idaho diversified bond fund	\$ 20,392,000	None	Monthly	5-25 days



**Note 3 - Restricted Assets**

Restricted assets are required to be segregated as to use and are therefore identified as restricted assets. Restricted assets in the general fund are restricted pursuant to donor specifications relating to various activities. Additional restricted assets in the general fund are restricted pursuant to the bonds issued.

Assets restricted in the nonmajor special revenue funds are primarily for current and future library operational funding. Assets restricted in the enterprise funds are restricted pursuant to donor specification and repayment of debt service for revenue bonds relating to the sewer plant and wastewater treatment plant construction.

**Note 4 - Intergovernmental and Grant Receivables**

The following summarizes the intergovernmental receivables at September 30, 2018:

State of Idaho	
Revenue sharing	\$ 597,585
Sales tax	400,422
Liquor apportionment	84,890
Gas tax	649,998
Urban Renewal Agency	733,136
Canyon County	
Road and bridge tax	2,954
Court revenue	32,009
	\$ 2,500,995

Grants owed to the City at September 30, 2018, by source are:

Federal	\$ 1,505,069
State	115,562
	\$ 1,620,631

During 2017, the City loaned the Caldwell East Urban Renewal Agency \$1,100,000 from the Cemetery Perpetual Care Fund for purposes of purchasing property. The loan is due to the City in annual installments of \$275,000 at 4% interest through September 2021. \$825,000 was owed to the City at September 30, 2018 and is included in notes receivable reported in the Statement of Net Position.

**Note 5 - Capital Assets**

	Balance October 1, 2017	Additions	Contributed Capital	Deletions	Transfers	Balance September 30, 2018
<b>Governmental Activities</b>						
Capital assets, not depreciated						
Land	\$ 11,304,560	\$ -	\$ 107,000	\$ (26,388)	\$ -	\$ 11,385,172
Construction in progress	967,305	3,508,251	-	-	(754,920)	3,720,636
Total capital assets, not depreciated	<u>12,271,865</u>	<u>3,508,251</u>	<u>107,000</u>	<u>(26,388)</u>	<u>(754,920)</u>	<u>15,105,808</u>
Capital assets, depreciated						
Buildings	22,746,910	650,934	1,272,500	-	649,585	25,319,929
Improvements other than buildings	37,183,902	2,493,919	4,716,470	-	(232,603)	44,161,688
Equipment	17,563,511	2,471,600	-	(318,767)	337,938	20,054,282
Intangibles	66,607	-	1,146,981	-	-	1,213,588
Infrastructure	55,444,849	-	4,893,810	-	-	60,338,659
Total capital assets, depreciated	<u>133,005,779</u>	<u>5,616,453</u>	<u>12,029,761</u>	<u>(318,767)</u>	<u>754,920</u>	<u>151,088,146</u>
Less accumulated depreciation for						
Buildings	(7,485,496)	(593,797)	-	-	-	(8,079,293)
Improvements other than buildings	(12,182,130)	(1,229,064)	-	-	-	(13,411,194)
Equipment	(10,146,899)	(1,237,140)	-	193,541	-	(11,190,498)
Intangibles	(33,323)	(6,661)	-	-	-	(39,984)
Infrastructure	(15,008,202)	(1,544,721)	-	-	-	(16,552,923)
Total accumulated depreciation	<u>(44,856,050)</u>	<u>(4,611,383)</u>	<u>-</u>	<u>193,541</u>	<u>-</u>	<u>(49,273,892)</u>
Total net capital assets, depreciated	<u>88,149,729</u>	<u>1,005,070</u>	<u>12,029,761</u>	<u>(125,226)</u>	<u>754,920</u>	<u>101,814,254</u>
Governmental Activities Capital Assets, Net	<u>\$ 100,421,594</u>	<u>\$ 4,513,321</u>	<u>\$ 12,136,761</u>	<u>\$ (151,614)</u>	<u>\$ -</u>	<u>\$ 116,920,062</u>

City of Caldwell, Idaho  
Notes to Financial Statements  
September 30, 2018

	Balance October 1, 2017	Additions	Contributed Capital	Deletions	Transfers	Balance September 30, 2018
<b>Business-type Activities</b>						
Capital assets, not depreciated						
Land	\$ 459,062	\$ -	\$ -	\$ -	\$ -	\$ 459,062
Construction in progress	9,398,094	9,867,050	-	-	(123,877)	19,141,267
Total capital assets, not depreciated	<u>9,857,156</u>	<u>9,867,050</u>	<u>-</u>	<u>-</u>	<u>(123,877)</u>	<u>19,600,329</u>
Capital assets, depreciated						
Buildings	6,163,097	-	-	-	-	6,163,097
Improvements other than buildings	112,907,958	209,692	3,424,143	-	123,877	116,665,670
Equipment	<u>10,858,558</u>	<u>498,368</u>	<u>-</u>	<u>(15,596)</u>	<u>-</u>	<u>11,341,330</u>
Total capital assets, depreciated	<u>129,929,613</u>	<u>708,060</u>	<u>3,424,143</u>	<u>(15,596)</u>	<u>123,877</u>	<u>134,170,097</u>
Less accumulated depreciation for						
Buildings	(4,761,940)	(168,560)	-	-	-	(4,930,500)
Improvements other than buildings	(47,222,726)	(3,432,732)	-	-	-	(50,655,458)
Equipment	<u>(6,515,774)</u>	<u>(561,626)</u>	<u>-</u>	<u>15,596</u>	<u>-</u>	<u>(7,061,804)</u>
Total accumulated depreciation	<u>(58,500,440)</u>	<u>(4,162,918)</u>	<u>-</u>	<u>15,596</u>	<u>-</u>	<u>(62,647,762)</u>
Total net capital assets, depreciated	<u>71,429,173</u>	<u>(3,454,858)</u>	<u>3,424,143</u>	<u>-</u>	<u>123,877</u>	<u>71,522,335</u>
<b>Business-type Activities Capital Assets, Net</b>	<u>\$ 81,286,329</u>	<u>\$ 6,412,192</u>	<u>\$ 3,424,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,122,664</u>

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

Governmental Activities	
General government	\$ 483,607
Police	400,684
Fire	298,435
Building Safety	35,629
Parks and recreation	378,010
Community services	346,156
Streets	<u>2,668,862</u>
Total depreciation expense - governmental activities	<u>\$ 4,611,383</u>
Business-type Activities	
Water	\$ 1,341,308
Sewer	2,546,258
Golf	123,963
Street Lighting	85,995
Irrigation	<u>65,394</u>
Total depreciation expense - business-type activities	<u>\$ 4,162,918</u>

**Note 6 - Interfund Balances and Transfers**

Incoming receipts and outgoing disbursements are sometimes deposited to/disbursed from one fund on behalf of another fund. At that time, a corresponding receivable/payable and operating transfer is recorded between the funds.

The composition of interfund balances as of September 30, 2018, is as follows:

Receivable Fund	Payable Fund	Description	Amount
Advances			
Other governmental	Other enterprise	Long-term loan	\$ 229,000
Other governmental	Other enterprise	Long-term loan	125,000
Due to/from			
Sewer	Water	Short-term loan to cover costs to pay-off the COP series 2004 bonds in 2014	205,976
Sewer	Water	Short-term loan	205,000
Other governmental	Other enterprise	Short-term loan	46,000
Other governmental	Other enterprise	Short-term loan	25,000
General	Other governmental	Negative cash in CDBG Fund	8,329
General	Internal service fund	Negative cash in Insurance Liability Fund	137
General	Other governmental	Fourth quarter admin allocation	2,282
			<u>\$ 846,724</u>

Transfers from Other governmental to Sewer are for use of capital. Transfers from the General fund to the Other Governmental Funds include transfers to help fund operations. Transfers from the Other Governmental Funds to General, Street, Water and Sewer funds are for the Local Improvement District special assessment payments received for the fiscal year.

The composition of interfund transfers for the year ended September 30, 2018, is as follows:

	Transfers Out				Total
	General	Sanitation	Other Enterprise	Other Governmental	
Transfers in					
General	\$ -	\$375,000	\$ -	\$ 50,000	\$ 425,000
Street	-	-	-	58,855	58,855
Water	-	-	-	11,046	11,046
Sewer	-	-	10,000	25,774	35,774
Other governmental	216,707	-	-	-	216,707
	<u>\$216,707</u>	<u>\$375,000</u>	<u>\$ 10,000</u>	<u>\$ 145,675</u>	<u>\$ 747,382</u>

**Note 7 - Long-term Debt**

Long-term debt consisted of the following as of September 30, 2018:

Business-type Activities

Revenue bonds

\$6,610,000 parity lien sewer revenue refunding bond series 2010 due in annual installments through September 2020 of \$745,000 to \$1,050,000; interest from 3.00% to 4.50% due semi-annually. The bonds shall not be subject to call or optional redemption prior to their stated dates of maturity.

\$ 1,825,000

The annual requirements to amortize all debt outstanding at September 30, 2018, are as follows:

	Business-type Activities	
	Principal	Interest
2019	\$ 775,000	\$ 73,388
2020	<u>1,050,000</u>	<u>39,375</u>
	<u>\$ 1,825,000</u>	<u>\$ 112,763</u>

Total interest cost incurred during 2018 for governmental funds and business-type activities was \$18,750 and \$129,695, respectively.

In Idaho, a municipality is allowed a debt limit, excluding enterprise fund debt, of 2% of the market valuation of the real and personal property in its taxing area. The City's legal debt limits for governmental funds for fiscal year 2018, based on data available from Canyon County would be approximately \$34,919,740.

The following is a summary of changes in long-term debt of the City for the year ended September 30, 2018:

	Debt at October 1, 2017	Debt Issued	Debt Retired	Debt at September 30, 2018	Due Within One Year
<b>Governmental Activities</b>					
Idaho bond bank 2006B	\$ 375,000	\$ -	\$ 375,000	\$ -	\$ -
Bond premium	11,225	-	11,225	-	-
Compensated absences	<u>820,730</u>	<u>1,075,583</u>	<u>938,023</u>	<u>958,290</u>	<u>958,290</u>
Governmental activities long-term liabilities	<u>\$ 1,206,955</u>	<u>\$ 1,075,583</u>	<u>\$ 1,324,248</u>	<u>\$ 958,290</u>	<u>\$ 958,290</u>
<b>Business-type Activities</b>					
Revenue bonds					
Parity lien sewer series					
2010	\$ 2,570,000	\$ -	\$ 745,000	\$ 1,825,000	\$ 775,000
Compensated absences	<u>130,342</u>	<u>154,298</u>	<u>157,033</u>	<u>127,607</u>	<u>127,607</u>
Business-type activities long-term liabilities	<u>\$ 2,700,342</u>	<u>\$ 154,298</u>	<u>\$ 902,033</u>	<u>\$ 1,952,607</u>	<u>\$ 902,607</u>

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$6,610,000 in sewer system parity lien refunding revenue bonds issued in May 2010. Proceeds from the bonds were used for the purpose of advance refunding a portion of the series 2001 sewer system parity lien refunding bonds. Proceeds from the series 2001 bonds provided financing for the construction of sewer treatment plant improvements. The bonds are payable solely from sewer customer net revenues and are payable through 2020. Annual principal and interest payments on the bonds are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on the bonds is approximately \$1,937,763. Principal and interest paid for the current year and total customer net revenues were \$851,913 and \$3,238,033, respectively.

## **Note 8 - Defined Benefit Pension Plan and Firefighter Retirement Fund**

### *Plan Description*

The City contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by the 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 contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

The City also contributes to the FRF which is a cost-sharing multiple-employer defined benefit pension plan administered by the PERSI that covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI Base Plan. The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that included financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan and FRF 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 member 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 member' 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.

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.

The FRF provides retirement, disability, death and survivor benefits of eligible members of beneficiaries. Benefits are based on members' years of service as well as the final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.



The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage.

*Member and Employer Contributions*

Member and employer contributions paid to the Base Plan and FRF are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 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 as a percent of covered payroll is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City's contribution was \$1,746,311 for the year ended September 30, 2018.

As of June 30, 2018, the total FRF employer rate was 25.31% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 11.66%. The FRF member rate for the year for class B is 11.45% which is 3.09% above the class 2 rate of 8.36%. The City's contributions were \$159,777 for the year ended September 30, 2018.

*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 of the Base Plan. 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 .4299319 percent compared to .4292893 percent at June 30, 2017

For the year ended September 30, 2018, the City recognized pension expense related to the Base Plan of \$1,330,058. 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
Difference between expected and actual experience	\$ 696,124	\$ 478,942
Changes in assumptions or other inputs	412,644	-
Net difference between projected and actual earnings on pension plan investments	-	704,584
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	171,727	15,939
City's contributions subsequent to the measurement date	333,207	-
 Total	 \$ 1,613,702	 \$ 1,199,465

The \$333,207 reported as deferred outflows of resources related to pensions resulting from Employer contributions to the Base Plan 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 employee 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 4.8.

At September 30, 2018, the City reported an asset for its proportionate share of the net pension asset of the FRF. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2018, the City's proportion was 4.0348687 percent compared to 3.9578287 at June 30, 2017.

For the year ended September 30, 2018, the City recognized pension revenue related to the FRF of \$891,716. At September 30, 2018, the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 138,851
City's contributions subsequent to the measurement date	137,776	-
 Total	 \$ 137,776	 \$ 138,851

The \$137,776 reported as deferred outflows of resources related to pensions resulting from City contribution subsequent to the measurement date will be recognized as a reduction of the net pension asset 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 1.0 years.

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,	Base Plan	FRF
2019	\$ 573,746	\$ 101,932
2020	111,469	(21,877)
2021	(474,515)	(179,530)
2022	(129,670)	(39,375)

*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 unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

The total pension liability of the Base Plan and total pension asset of the FRF in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Base Plan	FRF
Inflation	3.00%	3.00%
Salary increases including inflation	3.75%	3.75%
Investment rate of return	7.05%	7.05%
Cost-of-living adjustments	1.00%	3.75%

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

For the base plan, an experience study was performed for the period July 1, 2013 through June 30, 2017, 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 (Base Plan) as of June 30, 2018, is based on the results of an actuarial valuation date of July 1, 2018.

For the FRF plan an experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 or the period from July 1, 2009, through June 30, 2013. The Total Pension Asset (FRF Plan) 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.

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 show 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.

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	3.05%	0.80%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.50%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%
<b>Valuation Assumptions Chosen by PERSI Board</b>			
Long-Term Expected Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			3.00%
<b>Long-Term Geometric Expected Rate of Return, Net of Investment Expenses</b>			<b>7.05%</b>

### *Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. 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 (Asset) to Changes in the Discount Rate.*

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.05 %, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 %) or 1-percentage-point higher (8.05 %) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)			
Base Plan	\$ 15,874,386	\$ 6,341,569	\$ (1,551,991)
FRF	(3,387,412)	(4,566,267)	(5,569,527)

*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 the [www.persi.idaho.gov](http://www.persi.idaho.gov).

*Payable to the Pension Plan*

At September 30, 2018, there were no payables to the defined benefit pension plans for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**Note 9 - Other Post-Employment Benefits**

*Plan Description*

Effective March 1, 2014, the City established a post-retirement Health Reimbursement Arrangement Plan, referred to as the HRA VEBA Plan, under Internal Revenue Service Notice 2002-45. It is a single employer Plan. Employees who retire under PERSI before age 65 will not be eligible for Medicare until age 65 or older. The City established the post-retirement health reimbursement benefit for PERSI retired employees to help bridge the gap between retirement and age 65.

The Plan was established and can be amended or discontinued by City Council action. Initial funding came from the agency fund Employee Health Insurance formerly used to cover employee health and dental care claims. These monies were not required to support current health claims now covered by the Employee Health Trust Plan.

*Benefits*

The Plan is funded solely by employer contributions on a pay as you go basis. Basic benefit funding is \$500 per year for each regular full-time employee at the beginning of each fiscal year. Upon retirement, payment is made at \$500 for each year of service up to 30 years. The employee’s benefit is deposited in a Trust Account held by an independent third party and the City has no further financial obligation.

Only those employees who retire from the City according to the Public Employee Retirement System of Idaho (“PERSI”) retirement rules may receive the City’s post-employment benefit. Employees are vested after five years of service at the City.

PERSI retirement criteria is defined as follows:

<u>Employee Category</u>	<u>Early Retirement</u>	<u>Service Retirement</u>
Police & Fire Employees	5 Years of Service, Age 50	5 Years of Service, Age 60
General Employees	5 Years of Service, Age 60	5 Years of Service, Age 65

Additionally, the full value of the benefit will only be provided to those employees who meet the following age-plus-service criteria. The value of the benefit will be reduced for those who do not meet this requirement.

<u>Employee Category</u>	<u>Age Plus Service</u>
Sworn Police Officers and Fire Administrative Staff	80
General Employees	90

Note that the Fire Union employees are not eligible for the post employment benefit, unless they are Fire Administrative Staff.

Eligible retirees receive a one-time payment into an HRA. The payment consists of two parts:

- (1) paid time off (“PTO”) accumulation payout and,
- (2) one-time contribution based on age and years of service.

The first part of this payment is given to the retiree based on carryover hours at their hourly rate of pay at retirement. The maximum carryover hours is based on years of service, as follows:

Years of Service	Monthly Accrual Rate	Maximum Carryover
Up to 12 Months	7 hours	84 hours
1 - 5 Years	11 hours	192 hours
6 - 10 Years	13 hours	240 hours
11 - 15 Years	15 hours	288 hours
16 - 20 Years	17 hours	312 hours
21+ Years	17 hours	336 hours

The second part of this payment is calculated according to a benefit schedule provided by the City, which is based on age and years of service at retirement. Benefit amounts range from \$1,250 to \$36,000.

*Employees covered by benefit terms.* At September 30, 2018 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Inactive employees entitled but not yet receiving benefits	-
Active employees entitled to but not yet receiving benefit payments	5
Active employees	197
	217
	217

**Total OPEB Liability**

The City’s total OPEB liability of \$561,264, was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs.* The total OPEB liability in the September 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

*Impact of Assumption Changes.* In the transition year the City assumed no changes (other than discount rate) to assumptions and experience.

Valuation Date	September 30,2018
Discount Rate	3.63% per annum (BOY) 4.18% per annum (EOY) <i>Source: Bond Buyer 20-Bond GO Index</i>
Salary Increase Rate	3.5% per annum
Medical Consumer Price Index Trend	3.0% per annum
Inflation Rate	3.0% per annum
Actuarial Cost Method	Entry Age Normal based on level percentage of projected salary.



Mortality Rates	RP-2014 generational table for regular and blue collar employees, scaled using MP-17 and applied on a gender-specific basis.
Experience Study	The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 100% of all employees who are eligible for early retiree benefits will participate in the retiree medical plan. This assumes that a one-time irrevocable election to participate is made at retirement.
Amortization Method	<i>Experience/Assumptions</i> gains and losses are amortized over a closed period of 11.3 years starting on October 1, 2017, equal to the average remaining service of active and inactive plan members (who have no future service).

**Changes in the Total OPEB Liability**

	<u><b>Total OPEB Liability</b></u>
<b>Total OPEB Liability - Start of Year October 1, 2017</b>	\$ 704,769
Changes for the Year:	
Service cost	46,027
Interest cost	27,245
Changes in assumptions or other inputs	(18,526)
Benefit Payments	(198,251)
<b>Net change in total OPEB liability</b>	<u>(143,505)</u>
<b>Total OPEB Liability - End of Year September 30, 2018</b>	<u><u>\$ 561,264</u></u>

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1- percentage – point lower (3.18 percent) or 1 – percentage – point higher (5.18 percent) than the current discount rate.

	<b>1% Decrease (3.18%)</b>	<b>Discount Rate (4.18%)</b>	<b>1% Increase (5.18%)</b>
Total OPEB Liability	\$595,000	\$561,264	\$529,000

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30,2018, the City recognized an OPEB expense of (\$126,623). At September 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	<b>Outflows of Resources</b>	<b>Inflows of Resources</b>
Changes of assumptions/inputs	\$ -	\$ 16,882
<b>Total</b>	<b>\$ -</b>	<b>\$ 16,882</b>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	\$	
2019		(1,644)
2020		(1,644)
2021		(1,644)
2022		(1,644)
2023		(1,644)
Thereafter		(8,662)

At September 30, 2018, cash and cash equivalents held in the internal service fund total \$674,796. Anticipated plan revenues for 2019 are \$135,500 against budgeted expenditures of \$45,250. Four employees have opted to retire in 2019.

**Note 10 - Conduit Debt**

In March 2012, the Industrial Development Corporation Board issued \$5,500,000 of industrial development revenue bonds to provide financial assistance to a private-sector business (borrower) for the acquisition and construction of an industrial facility. The bonds are secured by the property financed and payments are made by the borrower. The City is not obligated in any manner for repayment of the bonds, and accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2018, the scheduled outstanding principal was \$2,291,667.

**Note 11 - Other Information**

Accounting principles generally accepted in the United States of America require disclosure, as part of the basic financial statements, of certain information concerning individual funds. The following funds had expenditures greater than appropriations for the year ended September 30, 2018:

Airport	\$	259,915
Sanitation	\$	266,455
Street Lighting	\$	81,082

**Note 12 - Contingent Liabilities**

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, could become a liability of the City. City management believes disallowances, if any, will be immaterial.

The City has been named as defendant in various legal actions, the results of which are not presently determinable. However, in the opinion of the City's management and legal counsel, the amount of losses that might be sustained, if any, would not materially affect the City's financial position.

**Note 13 - Other Commitments**

The City has the following commitments at September 30, 2018:

Project Description	Outstanding Commitments	% Complete	Completed as of September 30	Total Contract Amount
Caldwell PD Blding Addition	\$ 22,000	81%	\$ 93,000	\$ 115,000
Fire Dept. New Station#3	5,178	92%	56,106	61,284
Rehabilitate Runway 12-30	140,442	93%	2,012,711	2,153,153
LID 17-1 City Center Improvmnts	109,538	76%	349,725	459,264
Street Department Addition/Interior Work	408,501	35%	223,499	632,000
Indian Creek Pathway	42,497	73%	117,255	159,752
WWTP Filtration Building/Design	365,031	69%	816,269	1,181,300
WWTP Filtration Building/Construction	7,180,399	41%	5,068,493	12,248,892
WWTP Lab Facility	1,076	95%	20,435	21,510
	<u>\$ 8,274,661</u>			

**Note 14 - Restatement**

As of September 30, 2017, the City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the cost and obligations associated with other postemployment benefits other than pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to adopt the provisions of GASB Statement No. 75 to report the total beginning OPEB liability. This resulted in a reduction of beginning net position by \$704,769.

### **Note 15 - Related Party Transactions**

During 2018, Caldwell East Urban Renewal Agency (the Agency) reimbursed the City in the amount of \$1,007,173 for expenditures paid on its behalf on various projects (Demolition on Downtown Hotel Project, 400 Lateral Relocate Project, Smeed Realignment Project, Skyway Extension, Downtown Plaza, Building Repairs, Office Space Lease, and Utility Expenses). Additionally, the City received monthly payments from the Agency for the Caldwell economic development funding in the amount of \$216,000, and was paid \$8,000 for accounting services from the Agency.

As of September 30, 2018, the Agency owed the City \$125,942 for the Smeed Realignment Project, \$128,761 for the 400 Lateral Relocate Project, \$431,944 for the Skyway Extension Project, and \$46,489 in project related costs (utilities, TVCC R&M, 5221 E Linden Demo).

During 2017, the City loaned the Agency \$1,100,000 from the Cemetery Perpetual Care Fund for purposes of purchasing property. The note is due to the City in annual installments of \$275,000 at 4% interest through September 2021. In 2018, the Agency made its first annual installment of \$319,000; principal \$275,000 and interest \$44,000. Remaining balance owing on note is \$825,000.



Required Supplementary Information  
September 30, 2018

**City of Caldwell, Idaho**

City of Caldwell, Idaho  
Schedule of Employer's Share of Net Pension Asset/Liability  
Year End September 30, 2018

**Schedule of Employer's Share of Net Pension Liability**

**PERSI - Base Plan**

**Last 10 - Fiscal Years\***

	2018	2017	2016	2015
Employer's portion of net the pension liability	0.4299319%	0.4292893%	0.4151597%	0.4176759%
Employer's proportionate share of the net pension liability	\$ 6,341,569	\$ 6,747,689	\$ 8,415,926	\$ 5,500,112
Employer's covered payroll	\$ 12,702,613	\$ 12,308,096	\$ 11,161,497	\$ 9,999,630
Employer's proportional share of the net pension liability as a percentage of its covered payroll	50%	55%	75%	55%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	91.38%

**Schedule of Employer's Share of Net Pension Asset**

**FRF**

**Last 10 - Fiscal Years\***

	2018	2017	2016	2015
Employer's portion of net the pension asset	4.0348687%	3.9578287%	3.8194708%	3.9619978%
Employer's proportionate share of the net pension asset	\$ 4,566,267	\$ 3,395,644	\$ 2,052,905	\$ 2,139,902
Employer's covered payroll	\$ 906,609	\$ 867,239	\$ 794,910	\$ 1,504,124
Employer's proportional share of the net pension asset as a percentage of its covered payroll	503.66%	391.55%	258.26%	142.27%
Plan fiduciary net position as a percentage of the total pension asset	140.15%	129.65%	118.42%	118.08%

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

Data reported is measured as of June 30 (measurement date).

City of Caldwell, Idaho  
Schedule of Employer's Contributions  
Year Ended September 30, 2018

**Schedule of Employer Contributions  
Base Plan**

**Last 10 - Fiscal Years\***

	2018	2017	2016	2015
Statutorily required contribution	\$ 1,565,835	\$ 1,519,344	\$ 1,424,055	\$ 1,360,543
Contributions in relation to the statutorily required contribution	\$ 1,565,835	\$ 1,519,344	\$ 1,424,055	\$ 1,360,543
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 12,933,267	11,967,974	\$ 11,306,995	\$ 10,087,109
Contributions as a percentage of covered payroll	12%	13%	13%	13%

**Schedule of Employer Contributions  
FRF**

**Last 10 - Fiscal Years\***

	2018	2017	2016	2015
Statutorily required contribution	\$ 151,041	\$ 143,431	\$ 101,420	\$ 204,650
Contributions in relation to the statutorily required contribution	\$ 151,041	\$ 143,431	\$ 101,420	\$ 204,650
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 916,508	\$ 852,346	\$ 805,272	\$ 1,517,282
Contributions as a percentage of covered payroll	16%	17%	13%	13%

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

Data reported is measured as of September 30.



**Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
 Last 10 - Fiscal Years\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 46,027
Interest cost	27,245
Changes in assumptions or other inputs	(18,526)
Benefit Payments	(198,251)
<b>Net change in total OPEB liability</b>	<b>(143,505)</b>
<b>Total OPEB Liability - Start of Year 10/01/2017 - restated</b>	<b>704,769</b>
<b>Total OPEB Liability - End of Year 09/30/2018</b>	<b>\$ 561,264</b>
<b>Covered employee payroll</b>	<b>\$10,570,085</b>
<b>Total OPEB Liability as a % of covered payroll</b>	<b>5.31%</b>

\*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you go basis.

City of Caldwell, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund  
Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 12,703,706	\$ 12,703,706	\$ 12,969,765	\$ 266,059
Franchise fees	712,500	712,500	731,977	19,477
Interest	150,017	150,017	299,651	149,634
Licenses and permits	1,588,966	1,609,766	2,166,367	556,601
Intergovernmental	2,044,455	2,044,455	2,473,082	428,627
Operating grants	113,625	1,962,335	1,591,421	(370,914)
Charges for services	6,117,058	6,217,358	6,331,898	114,540
Unrealized loss on investments	-	-	(173,176)	(173,176)
Miscellaneous	79,700	79,700	168,658	88,958
Total revenues	<u>23,510,027</u>	<u>25,479,837</u>	<u>26,559,643</u>	<u>1,079,806</u>
<b>Expenditures</b>				
Current				
General government	4,340,387	6,121,773	6,276,548	(154,775)
Public safety	15,325,178	15,578,988	15,444,932	134,056
Culture and recreation	217,943	217,943	201,274	16,669
Community development	408,030	408,030	402,981	5,049
Capital outlay	9,864,254	10,189,254	4,024,955	6,164,299
Total expenditures	<u>30,155,792</u>	<u>32,515,988</u>	<u>26,350,690</u>	<u>6,165,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,645,765)</u>	<u>(7,036,151)</u>	<u>208,953</u>	<u>7,245,104</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	43,386	43,386	-
Transfers in	999,133	1,324,133	1,049,246	(274,887)
Transfers out	(683,048)	(872,048)	(840,954)	31,094
Total other financing sources (uses)	<u>316,085</u>	<u>495,471</u>	<u>251,678</u>	<u>(243,793)</u>
Net Change in Fund Balances	<u>\$ (6,329,680)</u>	<u>\$ (6,540,680)</u>	460,631	<u>\$ 7,001,311</u>
Fund Balance, Beginning of Year			<u>20,343,982</u>	
Fund Balance, End of Year			<u>\$ 20,804,613</u>	

City of Caldwell, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Street Fund  
Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,969,116	\$ 1,969,116	\$ 1,969,116	\$ -
Interest	25,000	25,000	52,447	27,447
Intergovernmental	3,235,643	3,235,643	3,425,689	190,046
Charges for services	1,165,881	1,165,881	1,145,734	(20,147)
Other grants	568,489	568,489	325,347	(243,142)
Capital Grants - Other General	124,000	233,446	129,551	(103,895)
Unrealized loss on investments	-	-	(17,958)	(17,958)
Miscellaneous	20,500	22,500	28,961	6,461
<b>Total revenues</b>	<b>7,108,629</b>	<b>7,220,075</b>	<b>7,058,887</b>	<b>(161,188)</b>
<b>Expenditures</b>				
Streets	5,840,018	6,074,464	4,376,821	1,697,643
Capital outlay	3,001,795	3,001,795	2,557,560	444,235
<b>Total expenditures</b>	<b>8,841,813</b>	<b>9,076,259</b>	<b>6,934,381</b>	<b>2,141,878</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,733,184)</b>	<b>(1,856,184)</b>	<b>124,506</b>	<b>1,980,690</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	47,331	69,231	58,855	(10,376)
<b>Total other financing sources (uses)</b>	<b>47,331</b>	<b>69,231</b>	<b>58,855</b>	<b>(10,376)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,685,853)</b>	<b>\$ (1,786,953)</b>	<b>183,361</b>	<b>\$ 1,970,314</b>
Fund Balance, Beginning of Year			3,405,141	
Fund Balance, End of Year			<u>\$ 3,588,502</u>	

**Note 1 - Budgets and Budgetary Accounting**

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

- Prior to September 1, the City Treasurer and City Council prepare a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at City Hall to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.
- Budgetary amendments are approved by City Council during the year.

Budgets are adopted on a basis consistent with generally accepted accounting principles for the general, debt service, and special revenue funds. All annual appropriations lapse at fiscal year-end. The Mayor is authorized to transfer budget amounts within departments and between departments within any fund. Revisions that alter the total expenditure appropriation of any fund must be approved by the City Council. State law does not allow fund expenditures to exceed fund appropriations.



Other Financial Information  
September 30, 2018

# City of Caldwell, Idaho

## **NONMAJOR GOVERNMENTAL FUNDS**

### **DEBT SERVICE FUND**

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, including bonds, certificates of participation and capital leases.

### **SPECIAL REVENUE FUNDS**

To account for specific revenues that are legally restricted to expenditures for particular purposes.

**CDBG/HUD** –To account for resources received for federal community development block programs received directly from the U.S. Department of Housing and Urban Development (HUD).

#### **Cemetery Fund**

To account for the operation and maintenance of the cemetery. Property taxes and sales of cemetery plots are the principal revenue sources. City ordinances require that these revenues be used to finance cemetery operations and maintenance.

#### **Cemetery Capital Improvement Fund**

To account for the resources and expenditures of the City's cemetery capital improvement fund. Grave fees are the principal revenue sources and capital outlay is the primary expenditure.

#### **Cemetery Perpetual Care Fund**

To account for the resources and expenditures of the City's perpetual care fund. Grave fees and earnings on investments are the principal source of revenues. Capital outlay is the primary expenditure.

#### **Community Development Fund**

To account for the collection of low interest mortgages made to low income citizens of the City and the subsequent expenditures of these funds. These loans were established under a Community Development grant.

#### **Library Fund**

To account for the operation of the public library. Financing is provided principally through property taxes which are restricted for library operations by City ordinance.

#### **Airport Fund**

To account for operation of the City airport. Financing is provided by property taxes, federal and state grants as well as state gasoline and sales tax. City ordinance requires that these revenues be restricted to financing airport operations.

#### **Recreation Fund**

To account for operation of City-owned parks and recreation programs. Financing is provided principally through program fees and a specific annual property tax levy. City ordinance restricts revenues property taxes to financing of parks and recreation programs.

	Debt Service	CDBG HUD	Cemetery	Cemetery Capital Improvement
<b>Assets</b>				
Cash and cash equivalents	\$ 434,609	\$ -	\$ 217,125	\$ 45,229
Prepaid Expenses	-	-	-	-
Receivables				
Interest	167,615	-	237	35
Taxes	-	-	116,697	-
Intergovernmental	-	-	10,231	-
Accounts	-	-	2,814	-
Special assessments	228,629	-	-	-
Grants	-	31,458	-	-
Notes	-	-	-	-
Due from other funds	-	-	46,000	-
Advances	-	-	229,000	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
	<u>\$ 830,853</u>	<u>\$ 31,458</u>	<u>\$ 622,104</u>	<u>\$ 45,264</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Vouchers and payroll payable	\$ -	\$ 23,129	\$ 8,965	\$ 179
Customer deposits	34,935	-	200	-
Due to other funds	-	8,329	-	-
	<u>34,935</u>	<u>31,458</u>	<u>9,165</u>	<u>179</u>
<b>Deferred Inflows of Resources</b>				
Unavailable property tax revenue	1	-	116,697	-
Unavailable revenue	395,611	-	-	-
Total deferred inflows of resources	<u>395,612</u>	<u>-</u>	<u>116,697</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Assigned for housing rehabilitation	-	-	-	-
Assigned for library services	-	-	-	-
Assigned for debt service	400,306	-	-	-
Assigned for community services	-	-	496,242	45,085
	<u>400,306</u>	<u>-</u>	<u>496,242</u>	<u>45,085</u>
	<u>\$ 830,853</u>	<u>\$ 31,458</u>	<u>\$ 622,104</u>	<u>\$ 45,264</u>

City of Caldwell, Idaho  
Combining Balance Sheet – Nonmajor Governmental Funds  
September 30, 2018

Cemetery Perpetual Care	Community Development	Library	Airport	Recreation	Totals
\$ 428,995	\$ 11,065	\$ 584,967	\$ 248,511	\$ 232,645	\$ 2,203,146
-	1,096	4,898	-	-	5,994
8	18,284	1,759	240	174	188,352
-	-	705,623	140,109	622,839	1,585,268
-	-	65,603	10,129	268,917	354,880
-	-	-	148,175	4,389	155,378
-	-	-	-	-	228,629
-	-	900	1,558,606	-	1,590,964
-	60,243	-	-	-	60,243
25,000	-	-	-	-	71,000
125,000	-	-	-	-	354,000
-	-	248,085	-	-	248,085
-	-	255,753	-	-	255,753
<u>\$ 579,003</u>	<u>\$ 90,688</u>	<u>\$ 1,867,588</u>	<u>\$ 2,105,770</u>	<u>\$ 1,128,964</u>	<u>\$ 7,301,692</u>
\$ 594	\$ 10,292	\$ 30,428	\$ 1,716,405	\$ 141,166	\$ 1,931,158
-	-	-	-	-	35,135
-	-	2,282	-	-	10,611
<u>594</u>	<u>10,292</u>	<u>32,710</u>	<u>1,716,405</u>	<u>141,166</u>	<u>1,976,904</u>
-	-	705,623	140,109	622,839	1,585,269
-	18,284	-	-	-	413,895
<u>-</u>	<u>18,284</u>	<u>705,623</u>	<u>140,109</u>	<u>622,839</u>	<u>1,999,164</u>
-	61,339	4,898	-	-	66,237
-	773	-	-	-	773
-	-	1,124,357	-	-	1,124,357
-	-	-	-	-	400,306
578,409	-	-	249,256	364,959	1,733,951
<u>578,409</u>	<u>62,112</u>	<u>1,129,255</u>	<u>249,256</u>	<u>364,959</u>	<u>3,325,624</u>
<u>\$ 579,003</u>	<u>\$ 90,688</u>	<u>\$ 1,867,588</u>	<u>\$ 2,105,770</u>	<u>\$ 1,128,964</u>	<u>\$ 7,301,692</u>



	Debt Service	CDBG/ HUD	Cemetery	Cemetery Capital Improvement
<b>Revenues</b>				
Property taxes	\$ 349,089	\$ -	\$ 113,730	\$ -
Interest	26,152	-	4,475	367
Intergovernmental	-	-	36,014	-
Capital grants	-	269,681	-	-
Operating grants	-	-	-	-
Charges for services	-	-	118,620	12,505
Unrealized (loss) on investments	(4,660)	-	(5,675)	(223)
Assessments	83,378	-	-	-
Miscellaneous	-	-	9,724	-
<b>Total revenues</b>	<b>453,959</b>	<b>269,681</b>	<b>276,888</b>	<b>12,649</b>
<b>Expenditures</b>				
<b>Current</b>				
Parks and recreation	-	-	-	-
Community services	-	200,681	236,833	-
<b>Debt service</b>				
Principal on long-term debt	375,000	-	-	-
Interest and other	18,750	-	-	-
Capital outlay	-	69,000	-	-
<b>Total expenditures</b>	<b>393,750</b>	<b>269,681</b>	<b>236,833</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>60,209</b>	<b>-</b>	<b>40,055</b>	<b>12,649</b>
<b>Other Financing Sources (Uses)</b>				
Contributions from other governments	-	-	-	-
Loans to other governments	-	-	-	-
Operating transfers out	(145,675)	-	-	-
Operating transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(145,675)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>(85,466)</b>	<b>-</b>	<b>40,055</b>	<b>12,649</b>
<b>Fund Balance, Beginning of Year</b>	<b>485,772</b>	<b>-</b>	<b>456,187</b>	<b>32,436</b>
<b>Fund Balance, End of Year</b>	<b>\$ 400,306</b>	<b>\$ -</b>	<b>\$ 496,242</b>	<b>\$ 45,085</b>

City of Caldwell, Idaho  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental  
Funds  
Year Ended September 30, 2018

Cemetery Perpetual Care	Community Development	Library	Airport	Recreation	Totals
\$ -	\$ -	\$ 683,348	\$ 129,236	\$ 585,556	\$ 1,860,959
44,989	25	20,273	2,602	1,498	100,381
-	-	230,934	35,656	750,866	1,053,470
-	-	4,319	1,935,297	-	2,209,297
-	-	-	119,334	5,057	124,391
21,262	-	31,623	209,328	465,085	858,423
(1,411)	-	(14,112)	(1,544)	(551)	(28,176)
-	-	-	-	-	83,378
-	750	16,284	18,454	7,320	52,532
64,840	775	972,669	2,448,363	1,814,831	6,314,655
-	-	-	-	1,639,194	1,639,194
-	244,514	929,551	365,547	-	1,977,126
-	-	-	-	-	375,000
-	-	-	-	-	18,750
-	-	31,873	2,137,790	303,526	2,542,189
-	244,514	961,424	2,503,337	1,942,720	6,552,259
64,840	(243,739)	11,245	(54,974)	(127,889)	(237,604)
-	216,000	-	-	-	216,000
275,000	-	-	-	-	275,000
-	-	-	-	-	(145,675)
-	27,707	-	-	189,000	216,707
275,000	243,707	-	-	189,000	562,032
339,840	(32)	11,245	(54,974)	61,111	324,428
238,569	62,144	1,118,010	304,230	303,848	3,001,196
\$ 578,409	\$ 62,112	\$ 1,129,255	\$ 249,256	\$ 364,959	\$ 3,325,624

## **NONMAJOR PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

To account for operations that are financed and operated in a manner similar to private business enterprises when the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or when the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

#### **Golf Fund**

To account for the operations of the City's public golf courses (Purple Sage and Fairview).

#### **Street Lighting Fund**

To account for the billings and receipts for the City street lights.

#### **Irrigation Fund**

To account for maintenance, operation and capital replacement of the City's irrigation system.

### **INTERNAL SERVICE FUNDS**

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

#### **Post-Retirement Health Reimbursement Arrangement**

To account for post-employment benefits for employees who retire under PERSI before age 65 that are not yet eligible for Medicare until age 65 or older. The benefits will help retired employees to bridge the gap between retirement and age 65.

#### **Section 125 Benefit Plan**

To account for employee cafeteria contributions and expenditures for health services.

City of Caldwell, Idaho  
Combining Statement of Net Position – Nonmajor Enterprise Funds  
September 30, 2018

	Golf	Street Lighting	Irrigation	Totals
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 168,471	\$ 742,689	\$ 2,058,883	\$ 2,970,043
Interest receivable	194	1,242	2,241	3,677
Accounts receivable	1,717	62,683	431,277	495,677
Inventory	9,000	-	-	9,000
<b>Total current assets</b>	<b>179,382</b>	<b>806,614</b>	<b>2,492,401</b>	<b>3,478,397</b>
<b>Noncurrent Assets</b>				
<b>Capital assets</b>				
Capital assets not being depreciated	178,368	-	154,151	332,519
Capital asset being depreciated (net)	953,078	1,995,655	1,587,340	4,536,073
<b>Total noncurrent assets</b>	<b>1,131,446</b>	<b>1,995,655</b>	<b>1,741,491</b>	<b>4,868,592</b>
<b>Deferred Outflow of Resources</b>				
Pension obligation	18,422	-	16,014	34,436
	<u>\$ 1,329,250</u>	<u>\$ 2,802,269</u>	<u>\$ 4,249,906</u>	<u>\$ 8,381,425</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Vouchers and payroll payables	\$ 65,536	\$ 42,797	\$ 72,962	\$ 181,295
Customer deposits	20,184	-	-	20,184
Due to other funds	71,000	-	-	71,000
Advances	354,000	-	-	354,000
Current portion of compensated absences	17,163	-	-	17,163
<b>Total current liabilities</b>	<b>527,883</b>	<b>42,797</b>	<b>72,962</b>	<b>643,642</b>
<b>Noncurrent Liabilities</b>				
Net pension liability	60,017	-	48,719	108,736
<b>Deferred Inflow of Resources</b>				
Pension obligation	4,842	-	4,643	9,485
<b>Net Position</b>				
Net investment in capital assets	1,131,446	1,995,655	1,741,491	4,868,592
Unrestricted	(394,938)	763,817	2,382,091	2,750,970
<b>Total net position</b>	<b>736,508</b>	<b>2,759,472</b>	<b>4,123,582</b>	<b>7,619,562</b>
	<u>\$ 1,329,250</u>	<u>\$ 2,802,269</u>	<u>\$ 4,249,906</u>	<u>\$ 8,381,425</u>

City of Caldwell, Idaho

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds  
Year Ended September 30, 2018

	Golf	Street Lighting	Irrigation	Totals
<b>Operating Revenues</b>				
Charges for services	\$ 900,380	\$ 575,041	\$ 1,422,016	\$ 2,897,437
Other	2,695	15,726	3,478	21,899
<b>Total operating revenues</b>	<b>903,075</b>	<b>590,767</b>	<b>1,425,494</b>	<b>2,919,336</b>
<b>Operating Expenses</b>				
Personnel services	275,023	-	197,351	472,374
Contractual services	340,373	106,537	277,407	724,317
Materials and supplies	213,870	63	55,728	269,661
Utilities	109,585	252,136	435,372	797,093
Repairs and maintenance	120,219	332,146	184,593	636,958
Other expenses	39,781	5,333	17,374	62,488
Depreciation	123,963	85,995	65,394	275,352
<b>Total operating expenses</b>	<b>1,222,814</b>	<b>782,210</b>	<b>1,233,219</b>	<b>3,238,243</b>
<b>Operating Income (Loss)</b>	<b>(319,739)</b>	<b>(191,443)</b>	<b>192,275</b>	<b>(318,907)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	1,985	14,080	22,828	38,893
Unrealized (loss) on investments	(2,771)	(8,000)	(15,768)	(26,539)
<b>Total nonoperating revenues</b>	<b>(786)</b>	<b>6,080</b>	<b>7,060</b>	<b>12,354</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(320,525)</b>	<b>(185,363)</b>	<b>199,335</b>	<b>(306,553)</b>
Contributions from developers	-	352,623	714,896	1,067,519
Transfers out	-	-	(10,000)	(10,000)
<b>Change in Net Position</b>	<b>(320,525)</b>	<b>167,260</b>	<b>904,231</b>	<b>750,966</b>
<b>Net Position, Beginning of Year</b>	<b>1,057,033</b>	<b>2,592,212</b>	<b>3,219,351</b>	<b>6,868,596</b>
<b>Net Position, End of Year</b>	<b>\$ 736,508</b>	<b>\$ 2,759,472</b>	<b>\$ 4,123,582</b>	<b>\$ 7,619,562</b>

City of Caldwell, Idaho  
Combining Statement of Cash Flows – Nonmajor Enterprise Funds  
Year Ended September 30, 2018

	Non Major Enterprise Funds			
	Golf	Street Lighting	Irrigation	Total
<b>Operating Activities</b>				
Received from user charges	\$ 920,583	\$ 588,652	\$ 1,413,188	\$ 2,922,423
Payments to employees for services	(282,793)	-	(201,072)	(483,865)
Payments to suppliers for goods and services	(827,471)	(672,889)	(955,528)	(2,455,888)
<b>Net Cash from (used for) Operating Activities</b>	<b>(189,681)</b>	<b>(84,237)</b>	<b>256,588</b>	<b>(17,330)</b>
<b>Noncapital Financing Activities</b>				
Transfers out	-	-	(10,000)	(10,000)
<b>Net Cash used for Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>Capital and Related Financing Activities</b>				
Acquisition of capital assets	(406,142)	(46,404)	(47,121)	(499,667)
Advances	425,000	-	-	425,000
<b>Net Cash from (used for) Capital and Related Financing Activities</b>	<b>18,858</b>	<b>(46,404)</b>	<b>(47,121)</b>	<b>(74,667)</b>
<b>Investing Activities</b>				
Interest received on investments	2,050	13,698	22,249	37,997
Net decrease in pooled investments	(2,771)	(8,000)	(15,768)	(26,539)
<b>Net Cash from (used for) Investing Activities</b>	<b>(721)</b>	<b>5,698</b>	<b>6,481</b>	<b>11,458</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(171,544)</b>	<b>(124,943)</b>	<b>205,948</b>	<b>(90,539)</b>
Cash and Cash Equivalents, October 1, 2017	340,015	867,632	1,852,935	3,060,582
Cash and Cash Equivalents, September 30, 2018	<u>\$ 168,471</u>	<u>\$ 742,689</u>	<u>\$ 2,058,883</u>	<u>\$ 2,970,043</u>
Contributed property, plant and equipment	<u>\$ -</u>	<u>\$ 352,623</u>	<u>\$ 714,896</u>	<u>\$ 1,067,519</u>

City of Caldwell, Idaho  
Combining Statement of Cash Flows – Nonmajor Enterprise Funds  
Year Ended September 30, 2018

	<u>Golf</u>	<u>Street Lighting</u>	<u>Irrigation</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)	\$ (319,739)	\$ (191,443)	\$ 192,275	\$ (318,907)
Depreciation	123,963	85,995	65,394	275,352
GASB 68 pension expense	(6,395)	-	(4,643)	(11,038)
Changes in assets and liabilities				
Accounts receivable	(9)	(2,115)	(12,307)	(14,431)
Inventory	(9,000)	-	-	(9,000)
Vouchers payable	5,848	23,326	15,869	45,043
Compensated absences	(1,866)	-	-	(1,866)
Customer deposits	17,517	-	-	17,517
Net Cash from (used for) Operating Activities	<u>\$ (189,681)</u>	<u>\$ (84,237)</u>	<u>\$ 256,588</u>	<u>\$ (17,330)</u>

City of Caldwell, Idaho  
Combining Statement of Net Position – Nonmajor Internal Service Funds  
September 30, 2018

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	Post-Retirement Health Reimbursement Arrangement	Section 125 Benefit Plan	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 674,796	\$ 7,335	\$ 682,131
Interest receivable	470	-	470
Accounts receivable	132	-	132
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>\$ 675,398</u>	<u>\$ 7,335</u>	<u>\$ 682,733</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Due to other funds	\$ 137	\$ -	\$ 137
OPEB liability	561,264	-	561,264
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>561,401</u>	<u>-</u>	<u>561,401</u>
<b>Deferred Inflows of Resources</b>			
OPEB obligations	16,882	-	16,882
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Net Position</b>			
Unrestricted	97,115	7,335	104,450
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total net position	<u>97,115</u>	<u>7,335</u>	<u>104,450</u>
	<u>\$ 675,398</u>	<u>\$ 7,335</u>	<u>\$ 682,733</u>



City of Caldwell, Idaho  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Internal Service  
Funds  
Year Ended September 30, 2018

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	Post-Retirement Health Reimbursement Arrangement	Section 125 Benefit Plan	<u>Totals</u>
Operating Revenues			
Charges for services	\$ 132,588	\$ 26,710	\$ 159,298
Total operating revenues	<u>132,588</u>	<u>26,710</u>	<u>159,298</u>
Operating Expenses			
Personnel Services	-	29,054	29,054
Contractual services	<u>85,220</u>	<u>23,207</u>	<u>108,427</u>
Total operating expenses	<u>85,220</u>	<u>52,261</u>	<u>137,481</u>
Operating Income (Loss)	<u>47,368</u>	<u>(25,551)</u>	<u>21,817</u>
Nonoperating Revenues (Expenses)			
Interest income	7,853	-	7,853
Unrealized loss on investments	(3,007)	-	(3,007)
OPEB expenses (offset)	<u>126,622</u>	<u>-</u>	<u>126,622</u>
Total nonoperating revenues	<u>131,468</u>	<u>-</u>	<u>131,468</u>
Change in Net Position	178,836	(25,551)	153,285
Net Position, Beginning of Year	<u>623,048</u>	<u>32,886</u>	<u>655,934</u>
Restatement (See Note 14)	<u>(704,769)</u>	<u>-</u>	<u>(704,769)</u>
Net Position, End of Year	<u>\$ 97,115</u>	<u>\$ 7,335</u>	<u>\$ 104,450</u>

City of Caldwell, Idaho  
Combining Statement of Cash Flows – Nonmajor Internal Service Funds  
Year Ended September 30, 2018

	Post-Retirement Health Reimbursement Arrangement	Section 125 Benefit Plan	Totals
<b>Operating Activities</b>			
Received from user charges	\$ 110,705	\$ 26,710	\$ 137,415
Payments to employees for services	(63,332)	(48,237)	(111,569)
Payments to suppliers for goods and services	(5)	(4,355)	(4,360)
Net Cash from (used for) Operating Activities	<u>47,368</u>	<u>(25,882)</u>	<u>21,486</u>
<b>Investing Activities</b>			
Interest received on investments	7,706	-	7,706
Net decrease in pooled investments	(3,007)	-	(3,007)
Net Cash from Investing Activities	<u>4,699</u>	<u>-</u>	<u>4,699</u>
Net Change in Cash and Cash Equivalents	52,067	(25,882)	26,185
Cash and Cash Equivalents, October 1, 2017	<u>622,729</u>	<u>33,217</u>	<u>655,946</u>
Cash and Cash Equivalents, September 30, 2018	<u>\$ 674,796</u>	<u>\$ 7,335</u>	<u>\$ 682,131</u>

City of Caldwell, Idaho  
Combining Statement of Cash Flows – Nonmajor Internal Service Funds  
Year Ended September 30, 2018

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	Post-Retirement Health Reimbursement <u>Arrangement</u>	Section 125 Benefit Plan <u>Benefit Plan</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) operating activities			
Operating income (loss)	\$ 47,368	\$ (25,551)	\$ 21,817
Changes in assets and liabilities			
Accounts receivable	(132)	-	(132)
Internal balances	137	-	137
Vouchers payable	<u>(5)</u>	<u>(331)</u>	<u>(336)</u>
Net Cash from (used for) Operating Activities	<u>\$ 47,368</u>	<u>\$ (25,882)</u>	<u>\$ 21,486</u>



Federal Awards Reports in Accordance  
with the Uniform Guidance  
September 30, 2018  
**City of Caldwell**

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*..... 1

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance ..... 3

Schedule of Expenditures of Federal Awards..... 6

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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***

Members of the City Council  
City of Caldwell  
Caldwell, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Caldwell (the 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, and have issued our report thereon dated January 31, 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's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
January 31, 2019



**Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Members of the City Council  
City of Caldwell  
Caldwell, Idaho

**Report on Compliance for the Major Federal Program**

We have audited the City of Caldwell’s (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended September 30, 2018. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for the City’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City’s compliance.



### **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended September 30, 2018.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City 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. We issued our report thereon dated January 31, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Eide Bailly LLP*

Boise, Idaho  
January 31, 2019

City of Caldwell  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
CDBG-Entitlement Grants Cluster	14.218		\$ 269,681	\$ 84,501
Total Department of Housing and Urban Development			<u>269,681</u>	<u>84,501</u>
<b>U. S. DEPARTMENT OF JUSTICE</b>				
Department of Justice Asset Forfeiture Fund Passed through City of Nampa	16.922	N/A	27,639	-
Edward Byrne Memorial Justice Assistance Passed through Idaho Office of the Attorney General	16.738	2017-DJ-BX-0539	801	-
Internet Crimes Against Children Total Department of Justice	16.543	2016-50793-ID-MC	<u>12,412</u> <u>40,852</u>	<u>-</u> <u>-</u>
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>				
Federal Aviation Administration Airport Improvements	20.106		1,833,439	-
Passed through the Idaho Department of Transportation				
State and Community Highway Safety	20.600	OP-2018-EB-00-00	3,000	-
National Highway Transportation Safety	20.616	M5HVE-2017-00-00-000	2,000	-
		M5HVE-2017-00-00-000	2,500	-
		M5HVE-2018-EE-00-00	793	-
		M5HVE-2018-EE-00-00	2,334	-
Total Highway Safety Cluster			<u>10,627</u>	<u>-</u>
Passed through Idaho Office of Emergency Management Hazardous Materials Emergency Preparedness (HMEP)	20.703	HM-HMP-0535-16-01-00	<u>12,308</u>	<u>-</u>
Total Department of Transportation			<u>1,856,374</u>	<u>-</u>

City of Caldwell  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>				
Passed through the State of Idaho				
Commission of the Arts	45.025	1761002015	5,057	-
Passed through the State of Idaho				
Idaho Commision for Libraries	45.310	LS-00-17-0013-17	900	-
		LS-00-18-0013-18	900	-
Total National Endowment for the Humanities			<u>6,857</u>	<u>-</u>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>				
Passed through State of Idaho				
Office of Emergency Management				
State Homeland Security Program (SHSP)	97.067	EMW2016SS00028	20,000	-
		EMW2017SS0054	14,977	-
Passed through Canyon County				
Office of Emergency Management				
State Homeland Security Program (SHSP)	97.067	EMW2017SS00091	66,799	-
Total Department of Homeland Security			<u>101,777</u>	<u>-</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 2,275,541</u>	<u>\$ 84,501</u>

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Caldwell (the City) under programs of the federal government for the year ended September 30, 2018. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance of the City.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C - Indirect Cost Rate**

The City does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs :**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Airport Improvement Program	20.106
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None reported

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**Section III – Federal Award Findings and Questioned Costs**

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None reported