

CITY OF KETCHUM, IDAHO

Financial Statements

Year Ended September 30, 2024

CITY OF KETCHUM, IDAHO
Financial Statements
For the year ended September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

December 3, 2024

To the City Council
City of Ketchum, Idaho
Ketchum, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Ketchum, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ketchum, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ketchum, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

Report Continued—

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and post-employment information on pages 3–11 and 36–39 and 40 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ketchum, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements and long-term debt payment schedules on pages 41-46 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of the City of Ketchum, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting and compliance.

Workman & Company

Certified Public Accountants
Twin Falls, Idaho



City of Ketchum

Management's Discussion and Analysis

December 10, 2024

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

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

FINANCIAL HIGHLIGHTS

- The total of all fund assets of the City of Ketchum exceeded liabilities at the close of the most recent fiscal year by \$ 67,307,776. Of that amount, \$ 21,974,125 (unrestricted net position) may be used to meet future obligations and programs.
- The Local Option Tax (LOT) receipts decreased \$454,274 from the previous year. These Special Revenue Funds received an amount of, \$6,814,036 in the current year.
- Governmental Fund Revenues were \$31,741,244 and expenditures were \$29,224,073.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

Fund Financial Statements

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

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

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

Notes to the Financial Statements

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

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

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

The largest component (Total \$57,768,853) of the City's Assets (63.2%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, this net position amount is

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

not eligible for future spending. Restricted net position totals \$ 8,405,854. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, debt service requirements, or enabling

legislation on how they can be used. The remaining portion of net position is unrestricted, which can be used to finance government operations.

Table 2 below presents the City's condensed statement of net position as of September 30, 2024, derived from the government-wide Statement of Net Position.

Table 2: Condensed Statement of Net Position				
As of September 30, 2024				
	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit - Urban Renewal Agency
Current and other assets	\$ 18,537,673	\$ 15,029,628	\$ 33,567,301	\$ 4,889,420
Capital assets	41,794,064	15,974,789	57,768,853	7,365,059
Total Assets	60,331,737	31,004,417	91,336,154	12,254,479
Deferred Outflows	471,041	125,213	596,254	
Current Liabilities	841,150	414,214	1,255,364	491,038
Long-term liabilities	13,530,188	9,839,080	23,369,268	2,540,637
Total Liabilities	14,371,338	10,253,294	24,624,632	3,031,675
Deferred Inflows	0	0	0	
Net assets:				
Invested in capital assets				
net of related debt	30,458,194	6,469,605	36,927,799	4,333,384
Restricted	1,405,852	7,000,000	8,405,852	195,514
Unrestricted	14,567,394	7,406,731	21,974,125	4,693,906
Total Net Position	\$ 46,431,440	\$ 20,876,336	\$ 67,307,776	\$ 9,222,804

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2024, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$7,729,718 or 19.9% percent, the net position of the business-type activities increased by \$3,258,444 or 18.5%, and the net position of the City's Component Unit (Urban Renewal Agency) increased \$2,280,720 or 32.9%.

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

Table 3: Condensed Statement of Activities				
As of September 30, 2024				
	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit Urban Renewal Agency
Revenue:				
Program revenues				
Charges for services	\$ 7,556,364	\$ 7,636,515	\$ 15,192,879	\$ 33,000
Capital grants /contributions	7,085,181	8,696	7,093,877	
Total program revenues	<u>14,641,545</u>	<u>7,645,211</u>	<u>22,286,756</u>	<u>33,000</u>
General revenues				
Taxes	12,481,013		12,481,013	2,351,382
Franchise, licenses, permits	1,755,561		1,755,561	
State shared revenues	1,815,806		1,815,806	
Interest	859,844	767,297	1,627,141	301,710
Gain (Loss) on sale of assets	0		0	
Other revenues (Losses)	55,373	(20,370)	35,003	
Total general revenues	<u>16,967,597</u>	<u>746,927</u>	<u>17,714,524</u>	<u>2,653,092</u>
Total revenues	<u>31,609,142</u>	<u>8,392,138</u>	<u>40,001,280</u>	<u>2,686,092</u>
Program expenses:				
General government	7,639,088		7,639,088	405,372
Public safety	6,067,191		6,067,191	
Streets	2,030,678		2,030,678	
Parks and recreation	565,811		565,811	
Transportation	2,284,047		2,284,047	
Affordable Housing	4,953,393		4,953,393	
Wastewater		2,827,255	2,827,255	
Water		1,897,793	1,897,793	
Interest, long-term debt	339,216	408,646	747,862	
Total program expenses	<u>23,879,424</u>	<u>5,133,694</u>	<u>29,013,118</u>	<u>405,372</u>
Change in net position	<u>7,729,718</u>	<u>3,258,444</u>	<u>10,988,162</u>	<u>2,280,720</u>
Beginning net position	<u>38,701,722</u>	<u>17,617,892</u>	<u>56,319,614</u>	<u>6,942,084</u>
Ending net position	<u>\$ 46,431,440</u>	<u>\$ 20,876,336</u>	<u>\$ 67,307,776</u>	<u>\$ 9,222,804</u>

Program Expenses and Revenues for Governmental Activities

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

**City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 4: Program Expenses and Revenues
for Government Activities
For the Fiscal Year Ended September 30, 2024**

	Program Expenses	Program Revenues	Net Expense (Revenues) (a)
General government	\$ 7,639,088	\$ 6,221,069	\$ (1,418,019)
Public safety	6,067,191	395,946	(5,671,245)
Streets	2,030,678	7,000,000	4,969,322
Parks and Recreation	565,811	94,489	(471,322)
Transportation	2,284,047		(2,284,047)
Affordable Housing	4,953,393	930,041	(4,023,352)
Interest on long-term debt	339,216		(339,216)
Totals	<u>\$ 23,879,424</u>	<u>\$ 14,641,545</u>	<u>\$ (9,237,879)</u>

(a) Net Program Expenses are mainly supported by taxes.

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues
for Business-type Activities
For the Fiscal Year Ended September 30, 2024**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
Wastewater	\$ 2,827,255	\$ 4,341,444	\$ 1,514,189
Water	1,897,793	3,303,767	1,405,974
Interest on long-term debt	408,646		(408,646)
Totals	<u>\$ 5,133,694</u>	<u>\$ 7,645,211</u>	<u>\$ 2,511,517</u>

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

City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS

Continued...

BUDGET VARIANCES IN THE GENERAL FUND

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

Table 6: Analysis of Significant Budget Variances for Major Governmental Funds For the Fiscal Year Ended September 30, 2024			
	Final Budget	Actual	Variances
Revenues:			
Taxes (including penalties/interest)	\$ 11,236,095	\$ 11,839,936	\$ 603,841
Franchises, licenses, permits	1,505,216	1,755,561	250,345
State of Idaho	1,857,957	1,927,285	69,328
Fees, Charges for Services	5,648,009	7,049,895	1,401,886
Other	7,567,132	7,897,891	330,759
Totals	27,814,409	30,470,568	2,656,159
Expenditures:			
General Government	6,333,036	6,493,681	(160,645)
Public Safety	5,272,198	5,676,161	(403,963)
Streets	2,110,716	1,793,084	317,632
Capital Outlay	10,771,369	7,521,652	3,249,717
Parks and Recreation	571,313	517,362	53,951
Transportation	2,112,595	2,284,047	(171,452)
Affordable Housing	2,131,982	1,451,982	680,000
Debt Service	0	0	
Totals	29,303,209	25,737,969	3,565,240
Excess (Deficiency)	\$ (1,488,800)	\$ 4,732,599	\$ 6,221,399

**City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Table 7: Comparison of Statement of Net Position As of September 30, 2024 and 2023			
	2024	2023	Percentage Change
Current Assets	\$ 33,567,301	\$ 31,282,839	7.3026%
Capital Assets	57,768,853	50,175,762	15.1330%
Total Assets	91,336,154	81,458,601	12.1259%
Deferred Outflow of Resources	596,254	1,266,936	-52.9373%
Current Liabilities	1,255,364	1,592,164	-21.1536%
Long Term Liabilities	23,369,268	24,813,759	-5.8213%
Total Liabilities	24,624,632	26,405,923	-6.7458%
Deferred Inflow of Resources	0	0	0.0000%
Net Position:			
Invested in Capital Assets net of related debt	36,927,799	28,423,991	29.9177%
Restricted	8,405,852	8,223,817	2.2135%
Unrestricted	21,974,125	19,671,806	11.7036%
Total Net Position	\$ 67,307,776	\$ 56,319,614	19.5104%

OVERALL ANALYSIS

Financial highlights for the City as a whole during the fiscal year ended September 30, 2024, show the assets of the City exceeded its liabilities (net position) at the close to the fiscal year by \$67,307,776 (for governmental activities \$46,431,440, for the business-type activities \$20,876,336). Additionally, the City's total net position increased during the year by \$10,988,162. The net position of the governmental activities increased by \$7,729,718, while the net position of the business-type activities increased by \$3,258,444.

**City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Table 8: Changes in Fixed Assets for All Funds For the Fiscal Year Ended September 30, 2024				
	Beginning Balance	Additions	Deletions	Ending Balance
Land and Infrastructure	\$ 15,423,456	431,115		\$ 15,854,571
Buildings and Improvements	49,363,088	2,958,468		52,321,556
Vehicles and Equipment	12,318,691	900,841		13,219,532
Construction in Progress	1,855,085	4,963,293		6,818,378
Totals	78,960,320	9,253,717	0	88,214,037
Accumulated Depreciation	(28,784,558)	(1,660,626)	0	(30,445,184)
Net Book Value	\$ 50,175,762			\$ 57,768,853

CAPITAL ASSET AND LONG-TERM, ACTIVITY

Capital Asset Activity

At September 30, 2024, the City reported \$41,794,064 in capital assets for governmental activities and \$15,974,789 in capital assets for business-type activities.

Long-term Debt Activity

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

FUNDS ANALYSIS

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

Governmental funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 18,223,282. The fund balance increased \$ 2,517,171 during the fiscal year. The increase is the result of \$31,741,244 of revenues reduced by \$29,224,073 of expenditures. The increase in fund balance follows a fund balance increase of \$410,760 in FY2023. The City's management and Council continue to expend resources under approved budgets and strive to strengthen the City's financial position during uncertain economic times. This ongoing accomplishment is due to the commitment and determination of the City Council and staff to make prudent financial decisions while also seeking to preserve levels of service to the community by continually pursuing and implementing cost savings and efficiencies in operations.

Table 9 below presents an analysis of the fund balances in the Governmental Funds and Enterprise Funds.

**City of Ketchum, Idaho
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 9: Analysis of Fund Balances
for All Funds
For the Fiscal Year Ended September 30, 2024**

	Investment in Capital Assets	Restricted or Assigned	Unassigned	Total Balance
General Fund	\$	\$ 0	\$ 8,032,792	\$ 8,032,792
City Sales Tax Fund		1,711,819		1,711,819
In-Lieu Housing Fund		1,779,663		1,779,663
Capital Improvement Funds		5,250,319		5,250,319
GO Bond Debt Fund		(1,884)		(1,884)
Wagon Days Fund		5,264		5,264
City/County Housing Fund		128,744		128,744
Police Trust Fund		7,970		7,970
Community Development Trust Fund		0		0
Park Trust Fund		1,308,595		1,308,595
Water	3,133,577	0	4,581,436	7,715,013
Wastewater	3,336,028	7,000,000	2,825,295	13,161,323

REQUESTS FOR INFORMATION

Requests for information regarding City finances should be directed to:

Brent Davis, Director of Finance & City Treasurer
City of Ketchum, Idaho
P.O. Box 2315
Ketchum, Idaho, 83340
Telephone: (208) 726-3841

ACKNOWLEDGMENTS

A special thanks to the Director of Finance and staff for working so hard to operate the financial department of the City. Appreciation is also expressed to the Mayor, City Council and the Department Directors for their cooperation and assistance throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,
Jade Riley
CITY ADMINISTRATOR

CITY OF KETCHUM, IDAHO
Statement of Net Position
at September 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit Urban Renewal Agency</u>
<u>ASSETS</u>				
Cash and Deposits	\$ 16,343,366	\$ 7,949,641	\$ 24,293,007	\$ 4,869,161
Accounts Receivable & Prepaid Expenses		49,027	49,027	1,050
Taxes Receivable	377,192		377,192	19,209
Due From Other Governments	411,263	30,960	442,223	
Restricted Cash	1,405,852	7,000,000	8,405,852	
Other Assets			0	
Totals	<u>18,537,673</u>	<u>15,029,628</u>	<u>33,567,301</u>	<u>4,889,420</u>
Capital Assets:				
Land	8,809,038	15,380	8,824,418	6,575,117
Construction in Progress	6,283,293	535,085	6,818,378	
Infrastructure	7,030,153		7,030,153	1,000,000
Buildings and Improvements	22,708,793	29,612,763	52,321,556	
Equipment and Vehicles	10,574,132	2,645,400	13,219,532	
Accumulated Deprecation	<u>(13,611,345)</u>	<u>(16,833,839)</u>	<u>(30,445,184)</u>	<u>(210,058)</u>
Total Capital Assets	<u>41,794,064</u>	<u>15,974,789</u>	<u>57,768,853</u>	<u>7,365,059</u>
Total Assets	<u>60,331,737</u>	<u>31,004,417</u>	<u>91,336,154</u>	<u>12,254,479</u>
Net Pension Asset & Deferred Outflows of Resources:				
Deferred Outflows from Pension Activity	<u>471,041</u>	<u>125,213</u>	<u>596,254</u>	<u>0</u>
<u>LIABILITIES</u>				
Accounts and Interest Payable	325,184	17,214	342,398	2,203
Due To Other Funds				
Long-term Liabilities:				
Portion due or payable within one year:				
Lease and Bonds Payable	515,966	397,000	912,966	488,835
Portion due or payable after one year:				
Lease and Bonds Payable	10,253,947	8,284,000	18,537,947	2,567,289
Unamortized Bond Discount		(11,320)	(11,320)	(26,652)
Unamortized Bond Premium	565,957	835,504	1,401,461	
Net Pension Liability	2,369,135	629,769	2,998,904	
Compensated Absences	<u>341,149</u>	<u>101,127</u>	<u>442,276</u>	
Total Liabilities	<u>14,371,338</u>	<u>10,253,294</u>	<u>24,624,632</u>	<u>3,031,675</u>
Deferred Inflows of Resources:				
Deferred Inflows from Pension Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>NET POSITION</u>				
Invested in Capital Assets - net of related debt	30,458,194	6,469,605	36,927,799	4,333,384
Restricted For:				
Debt Service		7,000,000	7,000,000	0
Other Purposes	1,405,852		1,405,852	195,514
Unrestricted	<u>14,567,394</u>	<u>7,406,731</u>	<u>21,974,125</u>	<u>4,693,906</u>
Total Net Position	<u>\$ 46,431,440</u>	<u>\$ 20,876,336</u>	<u>\$ 67,307,776</u>	<u>\$ 9,222,804</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Activities
For the Year Ended September 30, 2024

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			Component Unit - Urban Renewal Agency
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental:							
General Government	\$ 7,639,088	\$ 6,205,856	\$ 15,213	\$ (1,418,019)		\$ (1,418,019)	\$ 33,000
Public Protection:							
Public Safety	6,067,191	395,946		(5,671,245)		(5,671,245)	
Streets	2,030,678		7,000,000	4,969,322		4,969,322	
Parks and Recreation	565,811	24,521	69,968	(471,322)		(471,322)	
Transportation	2,284,047			(2,284,047)		(2,284,047)	
Affordable Housing	4,953,393	930,041		(4,023,352)		(4,023,352)	
Interest - on long-term debt	339,216			(339,216)		(339,216)	
Total Governmental Activities	<u>23,879,424</u>	<u>7,556,364</u>	<u>7,085,181</u>	<u>(9,237,879)</u>		<u>(9,237,879)</u>	
Business Type:							
Water	1,897,793	3,303,767			\$ 1,405,974	1,405,974	
Wastewater	2,827,255	4,332,748	8,696		1,514,189	1,514,189	
Interest - on long-term debt	408,646				(408,646)	(408,646)	
Total Business-type Activities	<u>5,133,694</u>	<u>7,636,515</u>	<u>8,696</u>		<u>2,511,517</u>	<u>2,511,517</u>	
Total City of Ketchum, Idaho	<u>\$ 29,013,118</u>	<u>\$ 15,192,879</u>	<u>\$ 7,093,877</u>	<u>(9,237,879)</u>	<u>2,511,517</u>	<u>(6,726,362)</u>	
Component Units:							
Urban Renewal Agency	\$ 405,372						(405,372)
Total							<u>(372,372)</u>
General Revenues:							
Property taxes				5,743,856		5,743,856	2,343,414
Local Option sales taxes				6,715,900		6,715,900	
Franchises, licenses, permits				1,755,561		1,755,561	
State of Idaho revenue sharing				1,114,447		1,114,447	
State of Idaho liquor receipts				362,218		362,218	
State highway user collections				339,141		339,141	
Penalty and interest on property taxes				21,257		21,257	7,968
County court and parking fines				92,663		92,663	
Gain (Loss) from Sale of Assets				0		0	
Earnings on investments				859,844	767,297	1,627,141	301,710
Miscellaneous				94,812		94,812	
Amortization of Bond Premium				19,416	23,566	42,982	
Amortization of Bond Discount					(3,660)	(3,660)	
Gain (Loss) from Pension Activity				(151,518)	(40,276)	(191,794)	
Total general revenues and transfers				<u>16,967,597</u>	<u>746,927</u>	<u>17,714,524</u>	<u>2,653,092</u>
Changes in net position				7,729,718	3,258,444	10,988,162	2,280,720
Net Position - Beginning				<u>38,701,722</u>	<u>17,617,892</u>	<u>56,319,614</u>	<u>6,942,084</u>
Net Position - Ending				<u>\$ 46,431,440</u>	<u>\$ 20,876,336</u>	<u>\$ 67,307,776</u>	<u>\$ 9,222,804</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Balance Sheet
Governmental Funds
at September 30, 2024

	General Fund	City Sales Tax Fund	In-Lieu Housing Fund	General Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Cash Deposits	\$ 7,802,862	\$ 1,380,905	\$ 1,779,663	\$ 5,250,319	\$ 1,535,469	\$ 17,749,218
Taxes Receivable	46,278	330,914				377,192
Due From Other Governments	411,263					411,263
Total Assets	\$ 8,260,403	\$ 1,711,819	\$ 1,779,663	\$ 5,250,319	\$ 1,535,469	\$ 18,537,673
LIABILITIES:						
Accounts Payable	\$ 210,311					\$ 210,311
Funds Held in Trust	17,300				86,780	104,080
Due To Other Funds						0
Total Liabilities	227,611	0	0	0	86,780	314,391
FUND BALANCE:						
Non-spendable						0
Restricted					1,316,565	1,316,565
Committed						0
Assigned		1,711,819	1,779,663	5,250,319	132,124	8,873,925
Unassigned	8,032,792					8,032,792
Total Fund Balance	8,032,792	1,711,819	1,779,663	5,250,319	1,448,689	\$ 18,223,282
Total Liabilities and Fund Balance	\$ 8,260,403	\$ 1,711,819	\$ 1,779,663	\$ 5,250,319	\$ 1,535,469	

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

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 55,405,409 and the accumulated depreciation is \$ 13,611,345	41,794,064
Long-term liabilities, including bonds/leases payable, net pension liability, and compensated absences are not payable in the current period and therefore are not reported in the governmental funds	(13,585,906)
Net Position of Governmental Activities	\$ 46,431,440

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2024

	<u>General Fund</u>	<u>City Sales Tax Fund</u>	<u>In-Lieu Housing Fund</u>	<u>General Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE:						
Property taxes	\$ 5,124,036				\$ 619,820	\$ 5,743,856
Local Option sales taxes		6,715,900				6,715,900
Franchises, licenses, permits	1,423,604			331,957		1,755,561
State of Idaho shared revenue	1,114,447					1,114,447
State of Idaho liquor receipts	362,218					362,218
State highway user collections	339,141					339,141
Penalty/Interest on property taxes	18,816				2,441	21,257
County court and parking fines	92,663					92,663
Proceeds from sale of assets						0
Fees and charges for services	4,220,466		844,197	1,985,232	506,469	7,556,364
Grants, contributions, bond proceeds	4,039			7,000,000	81,142	7,085,181
Earnings on investments	507,892	20,248	95,591	175,309	60,804	859,844
Miscellaneous and Reimbursements	94,812					94,812
Total Revenue	<u>13,302,134</u>	<u>6,736,148</u>	<u>939,788</u>	<u>9,492,498</u>	<u>1,270,676</u>	<u>31,741,244</u>
EXPENDITURES:						
General Government	6,384,402	109,279			602,449	7,096,130
Public Safety	5,504,766	171,395				5,676,161
Streets	1,793,084					1,793,084
Capital outlay	7,780			7,513,872	50,601	7,572,253
Parks and Recreation	517,362				21,565	538,927
Transportation		2,284,047				2,284,047
Affordable Housing			1,451,982		2,181,411	3,633,393
Debt Service					630,078	630,078
Total Expenditures	<u>14,207,394</u>	<u>2,564,721</u>	<u>1,451,982</u>	<u>7,513,872</u>	<u>3,486,104</u>	<u>29,224,073</u>
EXCESS REVENUE (EXPENDITURES)	(905,260)	4,171,427	(512,194)	1,978,626	(2,215,428)	2,517,171
OTHER FINANCING SOURCES (USES):						
Operating transfers from other funds	2,000,000			213,963	2,124,659	4,338,622
Operating transfers (to) other funds	(448,334)	(3,890,288)				(4,338,622)
NET CHANGE IN FUND BALANCES	646,406	281,139	(512,194)	2,192,589	(90,769)	2,517,171
FUND BALANCE - BEGINNING	<u>7,386,386</u>	<u>1,430,680</u>	<u>2,291,857</u>	<u>3,057,730</u>	<u>1,539,458</u>	<u>15,706,111</u>
FUND BALANCE - ENDING	<u>\$ 8,032,792</u>	<u>\$ 1,711,819</u>	<u>\$ 1,779,663</u>	<u>\$ 5,250,319</u>	<u>\$ 1,448,689</u>	<u>\$ 18,223,282</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
for the year ended September 30, 2024

Net Change in Fund Balance - Total Governmental Funds (Page 15)	\$ 2,517,171
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(997,703)
This is the amount of new Governmental Fund assets.	5,829,520
This is the amount of disposed of Governmental Fund assets.	0
<p>Long term liabilities are not recorded in the Governmental funds.</p>	
This is the amount of new debt	0
This is the amount of payments on General Obligation Bonds Payable	509,509
This is the amount of changes in net pension activities	(151,518)
<p>Liability for personal leave days are not recorded in Governmental funds.</p>	
This is the decrease in compensated leave during the year.	<u>22,739</u>
Change in Net Assets of Governmental Activities (Page 13)	<u>\$ 7,729,718</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Net Position
Proprietary Funds
at September 30, 2024

	Water	Wastewater	Totals
Assets:			
Current Assets:			
Cash and Deposits	\$ 4,816,174	\$ 3,133,467	\$ 7,949,641
Accts receivable - customers	35,672	13,355	49,027
Accts receivable - other govts.		30,960	30,960
	4,851,846	3,177,782	8,029,628
Restricted Current Assets:			
Cash and Deposits		7,000,000	7,000,000
Total Current Assets	4,851,846	10,177,782	15,029,628
Capital Assets:			
Plant and equipment	14,567,765	18,240,864	32,808,629
Accumulated depreciation	(8,717,557)	(8,116,283)	(16,833,840)
Net Plant and equipment	5,850,208	10,124,581	15,974,789
Total Assets	10,702,054	20,302,363	31,004,417
Net Pension Asset & Deferred Outflow of Resources:			
Deferred Outflows from Pension Activity	53,663	71,550	125,213
Liabilities:			
Current Liabilities:			
Accounts and Interest Payable	4,697	12,517	17,214
Current portion long-term debt	197,000	200,000	397,000
Total current liabilities	201,697	212,517	414,214
Noncurrent Liabilities:			
Bonds Payable	2,384,000	5,900,000	8,284,000
Unamortized Bond Discount	(11,320)		(11,320)
Unamortized Bond Premium	146,951	688,553	835,504
Net Pension Liability	269,902	359,867	629,769
Compensated Absences Payable	49,474	51,653	101,127
Total noncurrent liabilities	2,839,007	7,000,073	9,839,080
Total Liabilities	3,040,704	7,212,590	10,253,294
Deferred Inflow of Resources:			
Deferred Inflows from Pension Activity	0	0	0
Net Position:			
Investment in capital assets net of related debt	3,133,577	3,336,028	6,469,605
Restricted	0	7,000,000	7,000,000
Unrestricted	4,581,436	2,825,295	7,406,731
Total Net Position	\$ 7,715,013	\$ 13,161,323	\$ 20,876,336

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
for the year ended September 30, 2024

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
Operating Revenues:			
Charges for services	\$ 3,143,298	\$ 4,249,790	\$ 7,393,088
Hookups, connections, impact fees	157,826	82,958	240,784
Reimbursements and Misc.	2,643	8,696	11,339
	<u>3,303,767</u>	<u>4,341,444</u>	<u>7,645,211</u>
Operating Expenses:			
Salaries and benefits	852,781	1,244,689	2,097,470
Administrative and supplies	785,451	1,179,204	1,964,655
Depreciation	259,561	403,362	662,923
	<u>1,897,793</u>	<u>2,827,255</u>	<u>4,725,048</u>
Operating Income	<u>1,405,974</u>	<u>1,514,189</u>	<u>2,920,163</u>
Nonoperating Revenues (Expenses):			
Interest Income	204,481	562,816	767,297
Interest Expense	(116,209)	(292,437)	(408,646)
Gain (Loss) on pension activity	(17,261)	(23,015)	(40,276)
Amortization of bond discount	(3,660)		(3,660)
Amortization of bond premium	2,119	21,447	23,566
	<u>69,470</u>	<u>268,811</u>	<u>338,281</u>
Income before transfers	<u>1,475,444</u>	<u>1,783,000</u>	<u>3,258,444</u>
Transfers in			
Transfers out			
Net Income	1,475,444	1,783,000	3,258,444
Total Net Position - Beginning	<u>6,239,569</u>	<u>11,378,323</u>	<u>17,617,892</u>
Total Net Position - Ending	<u>\$ 7,715,013</u>	<u>\$ 13,161,323</u>	<u>\$ 20,876,336</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Cash Flows
Proprietary Funds
for the year ended September 30, 2024

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 3,322,592	\$ 4,489,373	\$ 7,811,965
Payments to suppliers	(785,631)	(1,179,600)	(1,965,231)
Payments to employees	(849,297)	(1,238,748)	(2,088,045)
Other receipts	2,643	8,696	11,339
Net cash provided (used) by operations	<u>1,690,307</u>	<u>2,079,721</u>	<u>3,770,028</u>
Cash Flows From Capital and Related Financing Activities:			
Purchase and construction of capital assets	(702,235)	(2,721,962)	(3,424,197)
Proceeds from Bonds			0
Principal paid on capital debt	(192,000)	(190,000)	(382,000)
Interest paid on capital debt	<u>(116,209)</u>	<u>(292,437)</u>	<u>(408,646)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,010,444)</u>	<u>(3,204,399)</u>	<u>(4,214,843)</u>
Cash Flows From Investing Activities:			
Interest Income	<u>204,481</u>	<u>562,816</u>	<u>767,297</u>
Net Increase (Decrease) in Cash and Deposits	884,344	(561,862)	322,482
Balances - Beginning of the year	<u>3,931,830</u>	<u>10,695,329</u>	<u>14,627,159</u>
Balances - Ending of the year	<u>\$ 4,816,174</u>	<u>\$ 10,133,467</u>	<u>\$ 14,949,641</u>
Displayed as:			
Pooled Cash and Investments	3,931,830	3,133,467	7,065,297
Restricted Assets	<u> </u>	<u>7,000,000</u>	<u>7,000,000</u>
Balances - Ending of the year	<u>\$ 3,931,830</u>	<u>\$ 10,133,467</u>	<u>\$ 14,065,297</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	1,405,974	1,514,189	2,920,163
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	259,561	403,362	662,923
Changes in assets and liabilities:			
Receivables, net	21,468	156,625	178,093
Accounts and other payables	<u>3,304</u>	<u>5,545</u>	<u>8,849</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,690,307</u>	<u>\$ 2,079,721</u>	<u>\$ 3,770,028</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ketchum, Idaho became an incorporated city under the laws of the State of Idaho on October 16, 1961. The accounting policies of the City of Ketchum, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Ketchum, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

(A) Basis of Presentation – Basis of Accounting

Basis of Presentation:

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

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

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

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

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

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-Continued

The City reports the following governmental funds:

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

The City reports the following enterprise funds:

Water and Wastewater Fund. This fund accounts for the operation, maintenance, and development of the City's water and waste-water facilities.

Discretely Presented Component Unit

The Component unit column in the financial statements includes the financial data of the City's only discretely presented component unit, the Ketchum Urban Renewal Agency. It is reported in a separate column to emphasize that it is separate from the City's operations. Complete financial statements of the Ketchum Urban Renewal Agency can be requested.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-continued

Entity Classifications.

- A. City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.
- B. Fund Financial Statements – The City has adopted GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

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

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

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

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

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

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

Allocation of Indirect Expenses. The City allocates indirect expense, primarily comprised of central governmental services, to operating functions and programs benefiting from those services. Central services include overall City management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police, fire, and certain divisions with public services and parks.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-Continued

(B) Assets, Liabilities, and Equity

Deposits and Investments

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

Cash and Deposits

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

Receivables and Payable

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

Property Tax Calendar

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

Deferred Outflows/Inflows of Resources

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

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

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

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

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-Continued

Capital Assets

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	5-15
Office and Other Equipment	3-15
Computer Equipment	3-15

Compensated Absences

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

Pensions

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

NOTE 2 – CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$ 2,543,966 of the City's bank balances were exposed to custodial credit risk because of the \$250,000 limit insured by the FDIC.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-Continued

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

Investment Type

Idaho State Local Government Investment Pool \$ 31,693,855.

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

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

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

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

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

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

Cash on Hand	\$	324
Deposits with financial institutions:		
Demand deposits		1,004,680
State of Idaho Investment Pool		<u>31,693,855</u>
Total		<u>\$ 32,698,859</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

– Continued

NOTE 3 – CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 8,809,038	\$	\$	\$ 8,809,038
Construction in Progress	<u>1,320,000</u>	<u>6,283,293</u>	<u>(1,320,000)</u>	<u>6,283,293</u>
Total	<u>10,129,038</u>	<u>6,283,293</u>	<u>(1,320,000)</u>	<u>15,092,331</u>
 <i>Capital Assets being depreciated:</i>				
Buildings & Improvements	22,660,673	48,120		22,708,793
Infrastructure	6,599,038	431,115		7,030,153
Vehicles and Equipment	<u>10,187,140</u>	<u>386,992</u>		<u>10,574,132</u>
Total	<u>39,446,851</u>	<u>866,227</u>	<u>0</u>	<u>40,313,078</u>
Less: Accumulated Depreciation:	<u>12,613,642</u>	<u>997,703</u>		<u>13,611,345</u>
Total Net Depreciated Assets	<u>26,833,209</u>	<u>(131,476)</u>	<u>0</u>	<u>26,701,733</u>
 Governmental capital assets, net	 <u>\$ 36,962,247</u>	 <u>\$ 6,151,817</u>	 <u>\$ (1,320,000)</u>	 <u>\$ 41,794,064</u>
 Business-type activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 15,380	\$	\$	\$ 15,380
Construction in Progress	<u>535,085</u>			<u>535,085</u>
Total	<u>550,465</u>	<u>0</u>	<u>0</u>	<u>550,465</u>
 <i>Capital Assets being depreciated:</i>				
Buildings & Improvements	26,702,415	2,910,348		29,612,763
Vehicles and Equipment	<u>2,131,551</u>	<u>513,849</u>		<u>2,645,400</u>
Total	<u>28,833,966</u>	<u>3,424,197</u>	<u>0</u>	<u>32,258,163</u>
Less: Accumulated Depreciation	<u>16,170,916</u>	<u>662,923</u>		<u>16,833,839</u>
Total Net Depreciated Assets	<u>12,663,050</u>	<u>2,761,274</u>	<u>0</u>	<u>15,424,324</u>
 Business-type capital assets, net	 <u>\$ 13,213,515</u>	 <u>\$ 2,761,274</u>	 <u>\$ 0</u>	 <u>\$ 15,974,789</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

– Continued

NOTE 4 - BONDS PAYABLE

In November of 2014 the City sold \$ 1,950,000 of Sewer Revenue Refunding Bonds, Series 2014. The proceeds from this bond issue retired the City's 2004 and 2006 bond series. This bond issue is to be retired by user fees generated by the City's enterprise fund. As of the balance sheet date, this bond has been paid in full.

In 2006 outstanding bonds from the City's series 1998 issue were defeased by placing proceeds of a new bond issue, Water Revenue Refunding Bonds Series 2006B for \$ 3,030,000, in an irrevocable trust to provide for all future debt payments on the old bonds. These bonds were retired by the City's Water Revenue Refunding Bonds Series 2016.

In September of 2016 the City sold \$ 1,697,000 of Water Revenue Refunding Bonds, Series 2016. The proceeds from this bond issue retired the City's 2006B bond series. This bond issue is to be retired by user fees generated by the City's enterprise fund.

In May of 2006, the City sold \$ 2,780,000 of Water Revenue Bonds, Series 2006A. The proceeds of this issue were used to make improvements to the City's water system. These bonds were retired by the City's Water Revenue Refunding Bonds Series 2015.

In September of 2015 the City sold \$ 2,310,000 of Water Revenue Refunding Bonds, Series 2015. The proceeds from this bond issue retired the City's 2006A bond series. This bond issue is to be retired by user fees generated by the City's enterprise fund.

In March of 2020, the City sold \$10,870,000 of General Obligation Bonds, Series 2020. These bonds were sold at a premium of \$630,000, providing the City with \$11,500,000 in cash to construct a new fire facility. Construction began in the FY 2020 period and was completed in FY 2021.

In April of 2023 the City sold \$ 6,290,000 of Wastewater Revenue Bonds, Series 2023. The proceeds of this issue were used to make improvements to the City's wastewater system. This bond issue is to be retired by user fees generated by the City's enterprise fund.

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

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

Bonds Payable – Continued

Wastewater Revenue Bond Series 2023

<u>FY</u>	<u>Interest</u>	<u>Principal</u>
2025	\$ 300,400	\$ 200,000
2026	290,400	210,000
2027	279,900	220,000
2028	268,900	230,000
2029	257,400	245,000
2030-2034	1,091,500	1,410,000
2035-2039	702,250	1,800,000
2040-2043	214,450	1,785,000
Totals	\$ <u>3,405,200</u>	\$ <u>6,100,000</u>

Water Refunding Bonds 2015

Water Revenue Bonds 2016

<u>FY</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2025	\$ 104,000	\$ 35,000	\$ 8,717	\$ 162,000
2026	102,250	35,000	5,899	166,000
2027	100,500	30,000	3,010	173,000
2028	99,000	255,000		
2029	86,250	270,000		
2030-2034	215,000	1,455,000		
Totals	\$ <u>707,000</u>	\$ <u>2,080,000</u>	\$ <u>17,626</u>	\$ <u>501,000</u>

General Obligation Bonds Series 2020

<u>FY</u>	<u>Interest</u>	<u>Principal</u>
2025	\$ 259,019	\$ 355,000
2026	241,269	370,000
2027	222,769	390,000
2028	203,269	410,000
2029	182,769	430,000
2030-2034	714,345	2,350,000
2035-2039	470,045	2,590,000
2040-2044	192,290	2,870,000
Totals	\$ <u>2,485,775</u>	\$ <u>9,765,000</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

– Continued

NOTE 5 – CAPITAL LEASES

The City has entered into a municipal lease agreement for the purchase of a 2020 Hughes Aerial Fire Ladder Truck and 2023 Enforcer Fire Truck to be used by the General Fund of the City. The obligation is recorded in the respective fund. Annual lease payments are paid on July 1 of each year. Unless sooner terminated as set forth in the lease, ownership will transfer to the City upon expiration of the lease. Depreciation expense has been computed on assets acquired under municipal lease agreements.

Detail of the Capital Leases follows:

	Balance Financed	2025	2026	2027	2028-34	Total
Governmental Activities						
2019 Hughes Aerial Fire Ladder Truck						
Zions Bancorporaton	\$ 503,542	\$ 44,330	\$ 45,572	\$ 46,848	366,792	\$ 503,542
Computed Interest 2.8%		<u>14,099</u>	<u>12,858</u>	<u>11,582</u>	<u>42,215</u>	<u>80,754</u>
	503,542	58,429	58,430	58,430	409,007	584,296
2023 Enforcer Pumper Fire Truck						
PNC Equipment Finance	501,371	116,636	122,258	128,150	134,327	501,371
Computed Interest 4.82%		<u>24,166</u>	<u>18,544</u>	<u>12,651</u>	<u>6,475</u>	<u>61,836</u>
	501,371	140,802	140,802	140,801	140,802	563,207
 Total Capital Leases	 \$ <u>1,004,913</u>	 \$ <u>199,231</u>	 \$ <u>199,232</u>	 \$ <u>199,231</u>	 <u>549,809</u>	 \$ <u>1,147,503</u>

NOTE 6 – MISCELLANEOUS REVENUES, GOVERNMENTAL FUND TYPES

The miscellaneous revenues section of the combined statement of revenues and expenditures includes the following amounts:

	Total Governmental
Rents	\$ 94,812
Sale of Unusable Equipment	0
Miscellaneous	<u>0</u>
 Total	 <u>\$ 94,812</u>

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

NOTE 7 – LITIGATION

The City, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

NOTE 8 – RESTRICTED NET ASSETS

The ordinance authorizing the Enterprise Fund revenue bonds requires that the City establish certain restricted cash accounts to be used in the retirement of the bonds and improvements to the waste-water systems. In addition, certain cash amounts are restricted for use in law enforcement, zoning ordinance enforcement, and for other restrictions imposed by the City Council in the general fund, and for debt retirement in the long-term debt group of accounts. The City’s policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. These restricted amounts are as follows:

	General Fund	Enterprise Fund
Various Trust Cash and Fire GO Bond	\$ 1,405,852	
Wastewater Bonds Debt Reserve Cash		\$ 7,000,000
Totals	\$ 1,405,852	\$ 7,000,000

NOTE 9 – RISK MANAGEMENT

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

NOTE 10 – KETCHUM URBAN RENEWAL AGENCY

The component unit column in the combined financial statements includes the financial data of the Ketchum Urban Renewal Agency, the City’s only discreetly presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with State Urban Renewal law. The Agency has authority to construct public improvements including the acquisition of public right-of-way within the blighted area legally designated as the redevelopment district. The City appoints the governing board of the Agency. The Agency derives its funding from tax increment financing. Complete financial statements for the current year are available from the Agency.

The City advanced \$1,495,830 of cash held for affordable housing construction to the Agency to begin their operations. The Agency has determined to pay this amount back to the City over the next several years as funds become available. These amounts are not accrued in the City’s records but will be recognized as revenue when received in the “In-Lieu Housing Fund”. The balance remaining unpaid at the date of these financial statements is \$ 195,514.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-Continued

NOTE 11 – EMPLOYEE RETIREMENT PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of employer rate for general employees and 74% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City's contributions were \$473,386 for the year ended September 30, 2024.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

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

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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 employees. At June 30, 2024, the City's proportion was 0.08017079 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of \$191,795. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Changes in assumptions or other inputs	\$ 118,801	
Net difference between projected and actual earnings on pension plan investments	\$ 477,453	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ (118,349)	
City's contributions subsequent to the measurement date	\$ 118,349	
Total	\$ 596,254	\$ 0

\$ 118,346 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

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, 2024, the beginning of the measurement period ended June 30, 2023, is 4.6 and 4.6 for the measurement period June 30, 2024.

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

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2023

-Continued

Year ended September 30, 2023:

2025	\$ 181,014
2026	\$ 559,154
2027	\$(96,425)
2028	\$(68,923)

Actuarial Assumptions

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

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

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%

General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%

Fire & Police - Males Pub-2010 Safety Tables, increased 21%

Fire & Police - Females Pub-2010 Safety Tables, increased 26%

Disabled Members - Males Pub-2010 Disabled Tables, increased 38%

Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024, is based on the results of an actuarial valuation date of July 1, 2024.

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.

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2023

-Continued

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

2024

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%

Discount Rate

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 2,968,916	\$ 2,998,905	\$3,028,894

CITY OF KETCHUM, IDAHO
Notes to the Financial Statements
September 30, 2024

-Continued

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2024, the City reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 12 – SUBSEQUENT EVENTS

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Property taxes	\$ 5,116,800	\$ 5,116,800	\$ 5,124,036	\$ 7,236
Local Option sales taxes				
Franchises, licenses, permits	1,214,216	1,214,216	1,423,604	209,388
State of Idaho shared revenue	1,140,544	1,140,544	1,114,447	(26,097)
State of Idaho liquor receipts	407,421	407,421	362,218	(45,203)
State highway user collections	257,992	257,992	339,141	81,149
Penalty and interest on property taxes	12,000	12,000	18,816	6,816
County court and parking fines	40,000	40,000	92,663	52,663
Fees, fines and charges for services	3,501,759	3,501,759	4,220,466	718,707
Grants and contributions			4,039	4,039
Earnings on investments	50,000	50,000	507,892	457,892
Miscellaneous	272,132	272,132	94,812	(177,320)
	<u>12,012,864</u>	<u>12,012,864</u>	<u>13,302,134</u>	<u>1,289,270</u>
EXPENDITURES:				
General Government	6,193,867	6,193,867	6,384,402	(190,535)
Public Safety	5,100,803	5,100,803	5,504,766	(403,963)
Streets	2,110,716	2,110,716	1,793,084	317,632
Capital outlay	1,000	1,000	7,780	
Parks and Recreation	571,313	571,313	517,362	53,951
Transportation				
Affordable Housing				
Debt Service				
	<u>13,977,699</u>	<u>13,977,699</u>	<u>14,207,394</u>	<u>(222,915)</u>
EXCESS REVENUE (EXPENDITURES)	(1,964,835)	(1,964,835)	(905,260)	1,066,355
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	1,900,000	1,900,000	2,000,000	(100,000)
Operating transfers (to) other funds	(710,000)	(710,000)	(448,334)	261,666
NET CHANGE IN FUND BALANCES	(774,835)	(774,835)	646,406	1,421,241
FUND BALANCE - BEGINNING	<u>7,386,386</u>	<u>7,386,386</u>	<u>7,386,386</u>	
FUND BALANCE - ENDING	<u><u>6,611,551</u></u>	<u><u>\$ 6,611,551</u></u>	<u><u>\$ 8,032,792</u></u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- City Sales Tax Fund
for the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Property taxes	\$	\$	\$	\$
Local Option sales taxes	5,762,137	6,119,295	6,715,900	596,605
Franchises, licenses, permits				
State of Idaho shared revenue				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services				
Grants and contributions				
Earnings on investments	0	0	20,248	20,248
Miscellaneous				
	<u>5,762,137</u>	<u>6,119,295</u>	<u>6,736,148</u>	<u>616,853</u>
Total Revenue				
EXPENDITURES:				
General Government	112,591	139,169	109,279	29,890
Public Safety	171,395	171,395	171,395	0
Streets				
Capital outlay				
Parks and Recreation				
Transportation	1,947,595	2,112,595	2,284,047	(171,452)
Affordable Housing				
Debt Service				
	<u>2,231,581</u>	<u>2,423,159</u>	<u>2,564,721</u>	<u>(141,562)</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	3,530,556	3,696,136	4,171,427	475,291
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds	<u>(3,751,151)</u>	<u>(4,108,309)</u>	<u>(3,890,288)</u>	<u>218,021</u>
NET CHANGE IN FUND BALANCES	(220,595)	(412,173)	281,139	693,312
FUND BALANCE - BEGINNING	<u>1,430,680</u>	<u>1,430,680</u>	<u>1,430,680</u>	
FUND BALANCE - ENDING	<u>\$ 1,210,085</u>	<u>\$ 1,018,507</u>	<u>\$ 1,711,819</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- In-Lieu Housing Fund
for the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Property taxes	\$	\$	\$	\$
Local Option sales taxes				
Franchises, licenses, permits				
State of Idaho shared revenue				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services		840,000	844,197	(4,197)
Grants and contributions				
Earnings on investments		95,000	95,591	(591)
Miscellaneous				0
	<u>0</u>	<u>935,000</u>	<u>939,788</u>	<u>(4,788)</u>
Total Revenue				
EXPENDITURES:				
General Government				
Public Safety				
Streets				
Capital outlay				
Parks and Recreation				
Transportation				
Affordable Housing	1,320,000	2,131,982	1,451,982	680,000
Debt Service				
	<u>1,320,000</u>	<u>2,131,982</u>	<u>1,451,982</u>	<u>680,000</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	(1,320,000)	(1,196,982)	(512,194)	675,212
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				
Operating transfers (to) other funds				
NET CHANGE IN FUND BALANCES	(1,320,000)	(261,982)	(512,194)	675,212
FUND BALANCE - BEGINNING	<u>2,291,857</u>	<u>2,291,857</u>	<u>2,291,857</u>	
FUND BALANCE - ENDING	<u>\$ 971,857</u>	<u>\$ 2,029,875</u>	<u>\$ 1,779,663</u>	

CITY OF KETCHUM, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Capital Improvement Fund
for the year ended September 30, 2024

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Property taxes	\$	\$	\$	\$
Local Option sales taxes				
Franchises, licenses, permits	291,000	291,000	331,957	40,957
State of Idaho shared revenue				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services	177,600	1,306,250	1,985,232	678,982
Grants, contributions, bond proceeds		7,000,000	7,000,000	
Earnings on investments		150,000	175,309	25,309
Miscellaneous				
	<u>468,600</u>	<u>8,747,250</u>	<u>9,492,498</u>	<u>745,248</u>
Total Revenue				
EXPENDITURES:				
General Government				
Public Safety				
Streets				
Capital outlay	2,102,563	10,770,369	7,513,872	3,256,497
Parks and Recreation				
Transportation				
Affordable Housing				
Debt Service				
	<u>2,102,563</u>	<u>10,770,369</u>	<u>7,513,872</u>	<u>3,256,497</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	(1,633,963)	(2,023,119)	1,978,626	4,001,745
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	313,963	313,963	213,963	
Operating transfers (to) other funds				
	<u>313,963</u>	<u>313,963</u>	<u>213,963</u>	
NET CHANGE IN FUND BALANCES	(1,320,000)	(1,709,156)	2,192,589	4,001,745
FUND BALANCE - BEGINNING	<u>3,057,730</u>	<u>3,057,730</u>	<u>3,057,730</u>	
FUND BALANCE - ENDING	<u>\$ 1,737,730</u>	<u>\$ 1,348,574</u>	<u>\$ 5,250,319</u>	

CITY OF KETCHUM, IDAHO
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended September 30, 2024

Required Supplementary Information

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	.0865200%	.0799402%	.0866389%	.0857958%	.0889864%
Employer's proportionate share of the net pension liability	\$ 987,602	\$ 1,179,132	\$ 1,361,816	\$ 1,739,214	\$ 1,171,806
Employer's covered-employee payroll	\$ 3,625,685	\$ 3,742,286	\$ 3,585,052	\$ 3,435,203	\$ 2,691,486
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	27.24%	31.51%	37.99%	50.63%	43.54%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	91.38%
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Employer's portion of the net pension liability	.08017079%	.08714808%	.0790322%	.0809575%	.0833870%
Employer's proportionate share of the net pension liability (Net Asset)	\$ 2,998,905	\$ 3,477,793	\$ 3,112,888	\$ (63,939)	\$ 1,936,356
Employer's covered-employee payroll	\$ 4,191,400	\$ 3,845,561	\$ 3,462,905	\$ 4,052,180	\$ 3,822,116
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	71.55%	90.44%	89.89%	-1.58%	50.66%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%

Data reported is measured as of June 30, 2024

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 441,262	\$ 455,247	\$ 445,468	\$ 425,702	\$ 393,730
Contributions in relation to the statutorily required contribution	\$ (441,262)	\$ (455,247)	\$ (445,468)	\$ (425,702)	\$ (393,730)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 3,625,685	\$ 3,742,286	\$ 3,585,052	\$ 3,435,203	\$ 2,691,486
Contributions as a percentage of covered-employee payroll	12.17%	12.16%	12.43%	12.39%	12.03%
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contributions	\$ 473,386	\$ 459,020	\$ 420,730	\$ 484,563	\$ 465,534
Contributions in relation to the statutorily required contribution	\$ (473,386)	\$ (459,020)	\$ (420,730)	\$ (484,563)	\$ (465,534)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 4,191,400	\$ 3,845,561	\$ 3,462,905	\$ 4,052,180	\$ 3,822,116
Contributions as a percentage of covered-employee payroll	11.29%	11.94%	12.15%	11.96%	12.18%

**OTHER
SUPPLEMENTARY INFORMATION**

CITY OF KETCHUM, IDAHO
Combining Balance Sheets
Combining Other Governmental Funds
at September 30, 2024

	<u>Wagon Days Fund</u>	<u>General Obligation Bond Debt Fund</u>	<u>City/County Housing Fund</u>	<u>Police/Fire Trust Fund</u>	<u>Community Development Trust Fund</u>	<u>Park Trust Fund</u>	<u>Total Combined Other Governmental Funds</u>
ASSETS:							
Cash and Cash Deposits	\$ 5,264	\$ (1,884)	\$ 129,237	\$ 7,970	\$ 86,287	\$ 1,308,595	\$ 1,535,469
Taxes Receivable							0
Due From Other Governments							0
Total Assets	<u>\$ 5,264</u>	<u>\$ (1,884)</u>	<u>\$ 129,237</u>	<u>\$ 7,970</u>	<u>\$ 86,287</u>	<u>\$ 1,308,595</u>	<u>\$ 1,535,469</u>
LIABILITIES:							
Accounts Payable	\$	\$	\$	\$	\$	\$	0
Funds Held in Trust			493		86,287		86,780
Due To Other Funds							0
Total Liabilities	<u>0</u>	<u>0</u>	<u>493</u>	<u>0</u>	<u>86,287</u>	<u>0</u>	<u>86,780</u>
FUND BALANCE:							
Non-spendable							0
Restricted				7,970		1,308,595	1,316,565
Committed							0
Assigned	5,264	(1,884)	128,744				132,124
Unassigned							0
Total Fund Balance	<u>5,264</u>	<u>(1,884)</u>	<u>128,744</u>	<u>7,970</u>	<u>0</u>	<u>1,308,595</u>	<u>1,448,689</u>
Total Liabilities and Fund Balance	<u>\$ 5,264</u>	<u>\$ (1,884)</u>	<u>\$ 129,237</u>	<u>\$ 7,970</u>	<u>\$ 86,287</u>	<u>\$ 1,308,595</u>	<u>\$ 1,535,469</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Combining Other Governmental Funds
for the year ended September 30, 2024

	Wagon Days Fund	General Obligation Bond Debt Fund	City/County Housing Fund	Police/Fire Trust Fund	Community Development Trust Fund	Park Trust Fund	Total Combined Other Governmental Funds
REVENUE:							
Property taxes	\$	\$ 619,820	\$	\$	\$	\$	619,820
Local Option sales taxes							0
Franchises, licenses, permits							0
State of Idaho shared revenue							0
State of Idaho sales tax							0
State of Idaho liquor receipts							0
State highway user collections							0
Penalty and interest on property taxes		2,441					2,441
Proceeds from sale of assets							0
Fees and charges for services	158		85,844		395,946	24,521	506,469
Grants and contributions	11,174					69,968	81,142
Earnings on investments	292			374	87	60,051	60,804
Miscellaneous							0
Total Revenue	11,624	622,261	85,844	374	396,033	154,540	1,270,676
EXPENDITURES:							
General Government	190,582		15,834		396,033		602,449
Public Safety							0
Streets							0
Capital outlay						50,601	50,601
Parks and Recreation						21,565	21,565
Transportation							0
Affordable Housing			2,181,411				2,181,411
Debt Service		630,078					630,078
Total Expenditures	190,582	630,078	2,197,245	0	396,033	72,166	3,486,104
EXCESS REVENUE (EXPENDITURES)	(178,958)	(7,817)	(2,111,401)	374	0	82,374	(2,215,428)
OTHER FINANCING SOURCES (USES):							
Operating transfers from other funds	171,250	7,817	1,935,592			10,000	2,124,659
Operating transfers (to) other funds							0
NET CHANGE IN FUND BALANCES	(7,708)	0	(175,809)	374	0	92,374	(90,769)
FUND BALANCE - BEGINNING	12,972	(1,884)	304,553	7,596	0	1,216,221	1,539,458
FUND BALANCE - ENDING	\$ 5,264	\$ (1,884)	\$ 128,744	\$ 7,970	\$ 0	\$ 1,308,595	\$ 1,448,689

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

Annual Payment

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
General Obligation Bond:				
\$11,500,000 General Obligation Bonds Series 2020				
	5.00%	2025	\$ 355,000	\$ 259,019
	5.00%	2026	370,000	241,269
	5.00%	2027	390,000	222,769
	5.00%	2028	410,000	203,269
	5.00%	2029	430,000	182,769
	2.00%	2030	450,000	161,269
	2.00%	2031	460,000	152,269
	2.00%	2032	470,000	143,069
	2.00%	2033	480,000	133,669
	2.00%	2034	490,000	124,069
	2.00%	2035	495,000	114,269
	2.00%	2036	505,000	104,369
	2.00%	2037	520,000	94,269
	2.00%	2038	530,000	83,869
	2.00%	2039	540,000	73,269
	2.125%	2040	550,000	62,468
	2.150%	2041	560,000	50,780
	2.125%	2042	575,000	38,881
	2.250%	2043	585,000	26,661
	2.250%	2044	<u>600,000</u>	<u>13,500</u>
			<u>\$ 9,765,000</u>	<u>\$ 2,485,775</u>

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Water Revenue Bond:				
Water Refunding Bond 2016				
\$ 1,697,000, September 8, 2016				
1.74%				
	1.74%	2025	\$ 162,000	\$ 8,717
	1.74%	2026	166,000	5,899
	1.74%	2027	173,000	3,010
			\$ 501,000	\$ 17,626
			\$ 501,000	\$ 17,626

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Water Revenue Bond:				
Water Revenue Refunding Bonds 2015				
\$2,310,000, September 2, 2015				
2.00% - 5.00%				
	5.00%	2025	\$ 35,000	\$ 104,000
	5.00%	2026	35,000	102,250
	5.00%	2027	30,000	100,500
	5.00%	2028	255,000	99,000
	5.00%	2029	270,000	86,250
	5.00%	2030	285,000	72,750
	5.00%	2031	295,000	58,500
	5.00%	2032	310,000	43,750
	5.00%	2033	330,000	28,250
	5.00%	2034	235,000	11,750
			\$ 2,080,000	\$ 707,000

The accompanying notes are a part of these financial statements.

CITY OF KETCHUM, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Wastewater Revenue Bond:				
Wastewater Revenue Bonds 2023				
\$6,290,000, April 18, 2023				
4.00% - 5.00%				
	5.00%	2025	\$ 200,000	\$ 300,400
	5.00%	2026	210,000	290,400
	5.00%	2027	220,000	279,900
	5.00%	2028	230,000	268,900
	5.00%	2029	245,000	257,400
	5.00%	2030	255,000	245,150
	5.00%	2031	270,000	232,400
	5.00%	2032	280,000	218,900
	5.00%	2033	295,000	204,900
	5.00%	2034	310,000	190,150
	5.00%	2035	325,000	174,650
	5.00%	2036	340,000	158,400
	5.00%	2037	360,000	141,400
	5.00%	2038	380,000	123,400
	5.00%	2039	395,000	104,400
	5.00%	2040	415,000	84,650
	5.00%	2041	435,000	63,900
	4.00%	2042	460,000	42,150
	5.00%	2043	475,000	23,750
			\$ 6,100,000	\$ 3,405,200
			\$ 6,100,000	\$ 3,405,200

The accompanying notes are a part of these financial statements.

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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**

December 3, 2024

To the City Council
City of Ketchum, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Ketchum, Idaho's basic financial statements, and have issued our report thereon dated December 3, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Report Continued—

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.

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho