

2022 ANNUAL REPORT
URBAN RENEWAL AGENCY OF THE CITY OF McCALL, ALSO KNOWN AS THE
McCALL REDEVELOPMENT AGENCY

Pursuant to Idaho Code § 50-2006(5)(c), an urban renewal agency is required to file with the local governing body and the Idaho State Controller, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include certain financial information, specifically the fiscal year 2021 audit and the fiscal year 2022 budget. An urban renewal agency's fiscal year commences October 1 and ends September 30.

Pursuant to Idaho Code § 67-450B, an urban renewal agency is required to prepare certain audited financial statements as described in that section depending on the agency's overall expenditures. The Agency authorized an audit of its financial statements for fiscal year ending September 30, 2021, which audit was completed and received by the Agency in 2022. A copy of the Agency's 2021 audited financial statements are attached hereto as **Exhibit 1**. The fiscal year 2021 audit was uploaded to the Local Government Registry administered by the Idaho State Controller's Office prior to December 1, 2022, as required by Idaho Code Section 67-1076. The fiscal year 2022 audit is underway and is anticipated to be completed in or around March 2023.

The fiscal year budgetary process, which the Agency completed on August 17, 2021, resulted in a termination budget approval for the original 1990 Railroad Avenue Project Area that depicts actual and budgeted figures for Fiscal Years 2020, 2021 and 2022 identifying budgeted obligations and costs related to completing the E. Lake Street Waterfront & Brown Park Improvements Project and final year costs. Additionally, the Agency Board approved a budget for the Downtown West Urban Renewal Project that depicts actual and budgeted figures for Fiscal Years 2021 and 2022. A copy of the approved budgets are attached as **Exhibit 2**. The fiscal year 2023 budget was adopted on August 16, 2022. The fiscal year 2022 budget was uploaded to the Local Government Registry administered by the Idaho State Controller's Office prior to December 1, 2022, as required by Idaho Code Section 67-1076. The Agency was determined by the Idaho State Controller's Office to be in compliance with the Local Government Registry reporting requirements for 2022. The Agency is also required to submit certain information to the Idaho State Tax Commission for the urban renewal registry pursuant to Idaho Code Section 50-2913. The Agency timely submitted the necessary information.

The McCall City Council formally approved the 1990 Urban Renewal Plan for the Railroad Avenue Area on December 13, 1990, by Ordinance No. 578 (the "Lake Front Plan") establishing the revenue allocation project area (the "Lake Front Project Area"). The ordinance became effective upon publication. Since that approval, the Agency worked on implementation of the Lake Front Plan. In 2006, pursuant to Section 900 of the Lake Front Plan, the Agency prepared the 2006 Updated Urban Renewal Plan (the "Amended Lake Front Plan"). The Lake Front Project Area terminated on September 30, 2021, as formally acknowledged in City Council Ordinance No. 1007, dated September 23, 2021.

The McCall City Council formally approved the Urban Renewal Plan for the Downtown West Urban Renewal Project on October 24, 2019, by Ordinance No. 928 (the "Downtown West Plan") establishing the Downtown West Project Area. The ordinance became effective upon publication. The Agency is working on implementation of the Downtown West Project Area.

AGENCY BOARD MEMBERS, OFFICERS, CONSULTANTS AND SUPPORT STAFF

Board members for calendar year 2022 included Monty Moore, Colby Nielsen, Mike Maciaszek, Tabitha Martineau, Lew Ross, Clair Bowman and Michelle Rentzsch.. Officers for the year were Mike Maciaszek, Chairman, and Tabitha Martineau, Vice-Chairman. Elam & Burke, P.A. served as legal counsel on certain matters as requested by the Agency Board and/or Agency Staff. Michelle Groenevelt, the Community and Economic Development Director for the City of McCall serves as the Agency's Administrator. Additional administrative support for the Agency is provided by Rachel Santiago-Govier who acts as the Secretary. Linda Stokes, the City Treasurer, performs treasurer duties for the Agency.

AGENCY ACTIVITIES

Lake Front Project Area

During 2022, the Agency completed the final projects related to the Lake Street – Waterfront Improvement Project and the Brown Park Stabilization and Park Reconstruction Project. Project completion had been delayed due to weather, supply chain and labor shortage issues.

Termination of the Lake Front Project Area

The MRA Board worked with Staff and the MRA Attorney to complete all the steps to terminate and close out the 1990 Railroad Avenue Project Area. Due to construction delays primarily due to COVID-19 resulting in supply chain issues and labor shortages, the East Lake Street and Brown Park Improvement Project was not completed and carried over to FY2022. The Project was completed with existing revenue allocation proceeds by Summer 2022. There were no remaining surplus funds to be returned to the County for distribution to the affected taxing districts. The Agency completed its scope of work and did not receive additional revenue allocation area proceeds as the increment value became available for the overlapping taxing districts to use in setting their respective FY2022 budgets.

Downtown West Project Area

No projects were planned for the new district to allow time to acquire funding for future projects.

REVENUES

Tax Increment Revenue

The only source of Agency income in FY2022 is revenue allocation proceeds, also referred to as tax increment revenue, generated within the Downtown West Project Area. Because of the provisions of the Local Economic Development Act, Title 50, Chapter 29, Idaho Code, and the ad valorem tax system, for the Downtown West Project Area, the Agency received \$164,423.73, tax increment revenue and \$1,129.04 interest earnings totaling \$165,552.77.

EXPENDITURES

Leverage of Agency Dollars

An integral component of the Agency's program is to develop outside funding sources to leverage Agency dollars for improvements within the revenue allocation area. The Agency continues to coordinate with property owners and public entities in an effort to determine redevelopment opportunities.

The Agency intends to seek, review and approve funding, where appropriate, for other projects that positively impact each revenue allocation area and its residents.

OPERATING EXPENSES

The Agency's operating expenses are minimal. Those expenses are shown on Exhibit 2 to this report.

ASSETS

The Agency's Assets are comprised of cash accounts and property taxes receivable. The major portions of property taxes are received twice per year (end of January and end of July) with smaller amounts of delinquent taxes received during the course of the year.

LIABILITIES AND DEBT

As of the fiscal year end, the Agency's liabilities consist only of current accounts payable and deferred revenue.

SIGNIFICANT CHANGES IN AGENCY'S FINANCIAL POSITION

The Agency currently operates in a "pay-as-you-go" environment, committing only those funds to projects that can be funded out of current funds or projected tax increment revenues in a given fiscal year, though the Agency continues to consider how to better leverage Agency funds.

Mike Maciaszek, Chairman

Exhibit 1
FY2021 Audit

Financial Statements

City of McCall, Idaho
Includes Supplementary Information
Year Ended September 30, 2021



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INDEPENDENT AUDITORS' REPORT

To the City Council
City of McCall
McCall, Idaho

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position 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 McCall as of September 30, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.





Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of McCall's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 , on our consideration of the City of McCall's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of McCall's internal control over financial reporting and compliance.

Meridian, Idaho
June 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

As management of the City of McCall, Idaho (City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of McCall for the fiscal year ended September 30, 2021. Please use this information in conjunction with the information furnished in the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of McCall exceeded its liabilities and deferred inflows of resources as of September 30, 2021 by \$93,549,682 (net position) in comparison to \$83,168,125 (net position) as of September 30, 2020. Of this amount \$20,437,450 is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.
- During fiscal year 2021 the City's total Net Position increased \$10,381,557. Net Position of the governmental activities increased \$8,000,754 and Net Position of business-type activities increased \$2,380,803.
- Total expenses during the year were \$13,321,463 compared to total revenues of \$22,547,283
- Fund balance of governmental funds on September 30, 2021 totaled \$18,085,413. Of this amount, \$279,256 is non-spendable, \$2,637,485 is restricted, \$9,783,994 is assigned which represents the remaining fund balance of the special revenue funds: 1) \$1,420,333 Streets / Public Works, 2) \$1,013,224 Airport, 3) \$33,842 Library, 4) \$484,119 Recreation, 5) \$76,860 Capital Projects, 6) \$1,856,831 Streets Local Option Taxes, and 7) \$4,209,962 Debt Service. The Unassigned portion of fund balance is \$5,384,678 which represents the remaining fund balance of the General Fund.
- The City has \$5211,937 in long-term debt, compensated absences and the library bond in governmental activities. In business-type activities compensated absences, a drinking water note payable to the Idaho Department of Environmental Quality, and capital leases for golf carts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of McCall's basic financial statements, which are comprised of 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

These statements are designed to provide readers with a broad overview of the City of McCall's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

There are two government-wide statements:

Statement of Net Position

Reports all the City's assets and liabilities with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities

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

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of McCall include City administration, community planning and development, public safety, parks and recreation, library, airport, public works and streets, and local option tax. The business-type activities of the City include the golf course and water system.

The government-wide financial statements include not only the City of McCall itself (known as the primary government), but also the McCall Redevelopment Agency, a legally separate entity, and a component unit of the City. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

The Fund financial statements provide information about the City's major funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds may be required by law or may be established by the City Council. All the funds of the City of McCall can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

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

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

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The City maintains seven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the general, airport, street / public works, recreation, library, and local option tax fund. These are considered major funds. Data from the other non-major fund (capital projects) is also included.

Proprietary Funds

The City of McCall only has one type of propriety fund, the enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. Information is presented separately in the Proprietary Funds Statement of Net Position and the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position for the golf and water funds, which are considered major funds.

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required and non-required supplementary information. Budget to actual comparisons are presented as required supplementary information for the General Fund, the Street / Public Works Fund, the Airport Fund, the Recreation Fund, the Library Fund, and the Local Option Tax Fund.

Two additional schedules are included as required supplementary information. The Schedule of Employer's Share of Net Pension Liability – PERSI and the Schedule of Employer Contributions are included as required by Governmental Accounting Standards Board (GASB) No. 68.

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net Position measures the difference between assets and deferred outflows of resources (what the City owns) and liabilities and deferred inflows of resources (what the City owes). The City's combined assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$93,549,682 in 2021. The largest portion of the City's Net Position, 75%, is invested in capital assets, net of related debt. Capital assets include land, buildings, equipment, machinery, and infrastructure. Unrestricted Net Position equals 22% of total Net Position.

The condensed Statements of Net Position for the years ended September 30, 2021 and 2020 are presented in the table below.

	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Current and Other Assets	\$28,736,615	\$20,919,766	\$ 7,505,434	\$ 5,867,287	\$ 36,242,049	\$ 26,787,053
Capital Assets	54,194,303	48,739,708	21,733,278	20,842,700	75,927,581	69,582,408
Total Assets	82,930,918	69,659,474	29,238,712	26,709,987	112,169,630	96,369,461
Deferred Outflows of Resources	1,269,970	529,967	183,085	129,517	1,453,055	659,484
Total Assets and Deferred Outflows of Resources	84,200,888	70,189,441	29,421,797	26,839,504	113,622,685	97,028,945
Current Liabilities	2,841,964	2,251,104	1,236,875	685,556	4,078,839	2,936,660
Long-term Liabilities	4,290,763	2,319,332	921,174	1,541,019	5,211,937	3,860,351
Total Liabilities	7,132,727	4,570,436	2,158,049	2,226,575	9,290,776	6,797,011
Deferred Inflows of Resources	10,410,472	6,962,070	371,755	101,739	10,782,227	7,063,809
Total Liabilities and Deferred Inflows of Resources	17,543,199	11,532,506	2,529,804	2,328,314	20,073,003	13,860,820
Net Position						
Net investment in Capital Assets	\$49,914,868	\$48,739,708	\$20,559,879	\$19,790,801	\$ 70,474,747	\$ 68,530,509
Restricted	2,637,485	1,865,329	-	-	2,637,485	1,865,329
Unrestricted	14,105,336	8,051,898	6,332,114	4,720,389	20,437,450	12,772,287
Total Net Position	66,657,689	58,656,935	26,891,993	24,511,190	93,549,682	83,168,125
	<u>\$84,200,888</u>	<u>\$70,189,441</u>	<u>\$29,421,797</u>	<u>\$26,839,504</u>	<u>\$113,622,685</u>	<u>\$ 97,028,945</u>

CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021

Changes in Net Position

The following condensed financial information as presented in the table below was derived from the government-wide Statements of Activities for years ended September 30, 2021 and 2020. During the year the City's financial position increased by \$10,381,557.

Charges for services	\$ 1,616,498	\$ 1,444,903	\$ 5,276,814	\$ 4,420,471	\$ 6,893,312	\$ 5,865,374
Operating grants and contributions	1,060,325	1,438,118			1,060,325	1,438,118
Capital grants and contributions	2,549,848	5,337,932		10,000	2,549,848	5,347,932
General revenue:						
Property taxes	6,283,399	6,382,139			6,283,399	6,382,139
Franchise fees	331,681	307,724			331,681	307,724
Sales tax and other governmental	4,869,815	3,842,104			4,869,815	3,842,104
Pension revenue	415,807				415,807	
Unrestricted investment earnings	24,656	158,295	11,490	45,983	36,146	204,278
Other revenue	104,518	146,898	2,432	35,475	106,950	182,373
Total Revenues	<u>17,256,547</u>	<u>19,058,113</u>	<u>5,290,736</u>	<u>4,511,929</u>	<u>22,547,283</u>	<u>23,570,042</u>
Expenses						
General Government						
Government Administration	2,329,305	1,474,721			2,329,305	1,474,721
Public Safety	1,890,562	1,529,262			1,890,562	1,529,262
Parks and Recreation	1,291,760	2,307,539			1,291,760	2,307,539
Community Services	1,331,443	883,720			1,331,443	883,720
Library	360,547	466,299			360,547	466,299
Airport	611,313	673,325			611,313	673,325
Local Option Tax	182,334	353,510			182,334	353,510
Streets/Public Works	2,491,116	2,936,386			2,491,116	2,936,386
Enterprise - Golf and Water			2,833,083	3,175,325	2,833,083	3,175,325
Total Expenses	<u>10,488,380</u>	<u>10,624,762</u>	<u>2,833,083</u>	<u>3,175,325</u>	<u>13,321,463</u>	<u>13,800,087</u>
Excess (deficiency) of revenues over expenditures before transfers	<u>6,768,167</u>	<u>8,433,351</u>	<u>2,457,653</u>	<u>1,336,604</u>	<u>9,225,820</u>	<u>9,769,955</u>
Transfers - internal activities	<u>1,232,587</u>	<u>(302,777)</u>	<u>(76,850)</u>	<u>190,688</u>	<u>1,155,737</u>	<u>(112,089)</u>
Change in Net Position	8,000,754	8,130,574	2,380,803	1,527,292	10,381,557	9,657,866
Net Position, Beginning of Year	58,656,935	46,261,636	24,511,190	22,007,777	83,168,125	68,269,413
Net Position, End of Year	<u>\$66,657,689</u>	<u>\$54,392,210</u>	<u>\$26,891,993</u>	<u>\$23,535,069</u>	<u>\$93,549,682</u>	<u>\$77,927,279</u>

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Governmental Activities

The City of McCall saw a 18.67% increase in building permit and planning fee revenues, as compared to 2020, an indication that development activity continues to grow within the city and surrounding area. Governmental activities increased the City's Net Position by \$8,000,754. The streets local option tax generated \$3,870,806, a 35.33% increase in local sales tax revenue in 2021 as compared to \$2,860,240 in 2020.

The City of McCall experienced the onset of the COVID-19 pandemic in March 2020. The City enacted a mask mandate in June of 2020 and lifted it in May 2021. The City received the first tranche of federal State Local Financial Relief funds from the State of Idaho in 2021 in the amount of \$386,850 and expects to receive the second tranche in the same amount in summer 2022. The City claimed the funds under the "revenue replacement" category allowed by US Treasury rules. The City Council will appropriate the funds to qualifying uses in future budget years.

Since McCall is a tourist destination with sales and lodging taxes generated by visitors, the City took a conservative financial approach for revenue forecasts for FY21 due to the pandemic. Actual collections came in higher than predicted and the City was able to fund all tourism-related grants requested by the community. The City's major capital projects in FY21 focused on water system upgrades which were funded by water user rates using a pay-as-you-go methodology. The Downtown Core reconstruction project which began in Summer of 2018 is on track to be completed in 2023 and is primarily funded with the streets local option tax revenue.

The City Council worked with the McCall Redevelopment Agency to close out the Lakefront Urban Renewal Plan by the Plan's sunset date of September 30, 2021. The final construction project funded was the Brown Park reconstruction/Lakeshore stabilization project. After the sunset date, the remaining Plan assets were transferred to the City and the tax increment value of the area was returned to all the impacted taxing districts. The City Council and the Agency created a new Plan Area and Project Plan called the Downtown West Revenue Allocation Area.

The Library Board of Trustees continued a capital fund raising campaign to expand the existing library. In 2018 the McCall Public Library Foundation was created to assist in their fund-raising efforts. The City Council placed a \$6.5 million General Obligation Bond on the May 2020 election ballot which was narrowly defeated by the voters. The City and the Library Board re-evaluated the project and presented a reduced General Obligation Bond request of \$4.2 million to voters at the May 2021 election. Voters approved the Bond with a 77.95% yes vote.

The Bond request was reduced by removing the construction of a new Parks Maintenance Facility from the Bond project list. The City Council instead financed the relocation of the Parks department and construction of a new facility by granting an inter-fund loan from the General Fund reserves in the amount of \$1 million to be repaid over 5 years from Local Option tax revenues. The first repayment will occur in FY22.

The City retained Zion's National Bank as financial advisors for sale of the Bonds. Piper Sandler was retained as the Underwriter for the sale. The Bonds were sold on September 8, 2021 by negotiated sale with a final interest rate of 1.77% and funds were received by the City on September 21, 2021. The City received its first credit rating from Moody's Investor Services prior to the Bond sale. In Moody's credit opinion issued August 11, 2021 they cited the City's conservative budget practices, financial policies, and stability of our tax base in assigning a rating of Aa2.

The McCall area saw strong property value growth in 2021 due to high demand for second homes and vacation rental investment property by out of the area purchasers. However, the 2022 economic environment of inflation, construction supply chain disruptions, and rising interest rates may cause the real estate market to flatten and slow over the next year.

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Business-Type Activities

The business-type activities of the City include Golf and Water. The City of McCall issued 97 equivalent domestic use permits in the water system in 2021 as compared to 113 in 2020. The number of new water connections were down 14.16%.

The Water Utility continues to see an increase in the number of new connections for service and increased overall demand for water. In summer 2021 the treatment plant reached peak capacity due to large irrigation demand in early morning hours for private landscaping across the service area. The City launched an immediate outreach campaign to the largest water users and private landscape companies to use alternate watering days and times to smooth out demand for water and reduce the peak loads. We quickly gained compliance and stabilized the demand thanks to good working relationships with our water users. In summer 2022 the City Council will receive an updated engineering study of the water plan along with an updated rate study to ensure appropriate treatment capacity is maintained and funded.

The Golf Course continues to receive a subsidy from the general fund to help cover personnel costs, assist with capital improvements, and to plow cart paths in the winter to provide the general public a free recreational resource. The contract for Golf Pro services to run the Pro Shop and tournaments ends in October 2022. The City is planning to bring those services in-house in order to more efficiently run the course and to generate revenues for investment not the capital projects identified in the 2020 Golf Course Asset Management Plan. The Plan identifies priorities for upgrades of the infrastructure, such as irrigation systems, along with course improvements to keep the public course playable and accessible for all types.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

General Fund

The general fund is the principal fund used for the City's major operations. The fund balance as of September 30, 2021 was \$7,778,836, an increase of 10.18% over the fund balance at the end of the prior fiscal year. The City's conservative spending continues to keep expenditures at or below budget. Fund balance is primarily used to fund one-time expenditures and to fund the City's five (5) year Capital Improvement Plan.

General Fund Budgetary Highlights

General Fund

As part of the budget, Council adopts both contingent revenue and expense amounts to allow for the receipt and expenditure of small amounts of unexpected revenues without a formal budget amendment. Throughout the year, several unexpected grants, donations, and other miscellaneous revenues were received. City Council approved budget line-item transfers from contingency line items to the appropriate revenue and expense accounts. These transfers did not change the original adopted budget for the fund. Contingency line items are not included in the original budget amounts on the Schedule of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual – General Fund, Street / Public Works Fund, Airport Fund, Recreation Fund, Library Fund and Streets Local Option Tax Fund.

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

The City of McCall funds a large portion of its Five-Year Capital Improvement Plan (CIP) for the governmental funds through the General Fund. Tax dollars reserved for capital expenditures in the General Fund are internally transferred to the Street / Public Works Fund, Airport Fund, Recreation Fund, Library Fund, and Golf Fund as needed per the CIP and project completion. Funds are retained within the General Fund until expenditures are incurred, and / or the project is completed. The City is constantly looking for ways to leverage limited city funding by actively seeking out grant and potential cost-sharing opportunities.

The Tourism Local Option Tax (LOT) generated \$1,018,512, a 47.36% increase in revenue in as compared to \$691,188 in 2020. During 2021 \$557,930 and \$460,582 externally for programs and non-profit groups. The programs and non-profit groups recommended for funding by the LOT Commission and approved by Council in 2021 include the following: 1) McCall Area Chamber of Commerce, 2) Valley County Recreation, 3) Payette Lakes Ski Club, 4) Valley County Pathways, 5) Treasure Valley Transit, 6) Payette Lakes Community Association, 7) Manchester Ice and Event Center, 8) McCall Winter Sports Club, 9) McCall Hockey/Ice Skating Association, 10) Roots Forest School, Inc., 11) McCall Arts and Humanities Council, 13) Valley County Search and Rescue, 14) McCall Folklore Society, 15) Friends of Payette Avalanche Center, 16) Little League West Central Idaho, 17) McCall Fire Protection District, 18) McCall Nordic & Biathlon Club, 19) McCall Ultra Sed Dog Challenge, 20) Central Idaho Mountain Bike Association, and 21) Payette Land Trust. The LOT Commission also recommended funding the following City programs and projects: 1) Administrative Costs, 2) Winter Sideway Snow Removal, 3) Local Housing Initiatives, 4) Noxious Weed Program, and 5) McCall Public Library Building Expansion project.

Capital Assets

At the end of 2021 the City had \$75,927,581 invested in capital assets (net of accumulated depreciation), compared to \$69,582,408 at the end of 2020. Additional information can be found in Note C of the financial statements.

**Capital Assets as of September 30, 2021
(net of depreciation)**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Land	\$ 9,568,894	\$ 1,142,320	\$ 10,711,214
Buildings and Improvements	1,533,623	5,723,282	7,256,905
Infrastructure	10,978,956		10,978,956
Improvements Other Than Buildings	11,039,618	11,724,019	22,763,637
Equipment	1,277,770	617,888	1,895,658
Construction in Progress	19,795,442	2,525,769	22,321,211
Total	\$ 54,194,303	\$ 21,733,278	\$ 75,927,581

The City recorded current year depreciation of \$1,680,831 in governmental activities and \$979,386 in business-type activities.

**CITY OF MCCALL
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

Long-Term Debt

Business-type activity outstanding debt includes \$1,377,295 in a note payable to the Idaho Department of Environmental Quality. The City is allowed a general obligation debt limit of 2% of market valuation of real and personal property in its taxing area. As of September 30, 2021, based on valuations from Valley County, the limit would be \$32.3M. The City issued new debt in 2021 of \$3,715,000. Detailed information on the City's long-term debt can be found in Note H of the financial statements.

FY22 Budgetary Considerations

The 2022 budget includes several smaller capital projects such as implementation of the City's campus site improvements including rehabilitation of the Senior Center using a CDBG grant, pathway improvements, Brown Park improvements, and continued emphasis on pavement rehabilitation in the Governmental Funds. In the Enterprise funds the 2022 budget includes continued water line replacement, implementation of the water master plan and the fourth annual water utility rate increase. In the Airport Fund the City is moving forward with rehabilitating runways and the remaining apron pavement using FAA grant funds. The City is finalizing design and construction estimates for the Library Expansion project and anticipates higher than expected construction pricing due to current construction economy, inflation, and supply chain disruptions. Therefore, the City has taken a conservative approach for use of discretionary General Fund dollars in order to save funds to cover the projected cost increases. Award of the construction contract is anticipated in May 2022. Construction is expected to commence in July 2022 with completion in summer 2024. Due to McCall's high altitude winter weather climate, the construction season is fairly short and requires two seasons to complete the Library Expansion project.

Requests for Information

This report is designed to provide a general overview of the City of McCall's finances for our citizens and customers. If you have questions about this report or need additional financial information, contact the Finance Office: 216 East Park Street, McCall, Idaho 83638, (208) 634-2103.

BASIC FINANCIAL STATEMENTS

CITY OF MCCALL, IDAHO
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government			Component
	Governmental	Business-Type		Units
	Activities	Activities	Total	Total
ASSETS				
Current Assets				
Cash and Investments	\$ 17,077,358	\$ 6,849,686	\$ 23,927,044	\$ 956,969
Receivables				
Accounts		537,629	537,629	
Property tax	7,295,855		7,295,855	161,717
Due from other governments	345,965	12,500	358,465	
Grants	164,010		164,010	
Other	567,722	14,217	581,939	105
Due from other funds	845,146		845,146	53,498
Prepaid expenses	194,256	91,402	285,658	
Total Current Assets	26,490,312	7,505,434	33,995,746	1,172,289
Noncurrent Assets				
Restricted cash	2,246,303		2,246,303	
Capital assets, net of accumulated depreciation	54,194,303	21,733,278	75,927,581	760,545
Total Noncurrent Assets	56,440,606	21,733,278	78,173,884	760,545
Total Assets	82,930,918	29,238,712	112,169,630	1,932,834
Deferred Outflows				
Pension obligations	1,269,970	183,085	1,453,055	
Total Assets and Deferred Outflows	\$ 84,200,888	\$ 29,421,797	\$ 113,622,685	\$ 1,932,834

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF NET POSITION (Continued)
September 30, 2021

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Units
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities				
Accounts payable	\$ 1,124,952	\$ 843,540	\$ 1,968,492	\$ 2,260
Accrued expenses	357,581	30,538	388,119	
Due to other funds	502,379		502,379	323,765
Advanced revenue	737,052		737,052	
Due Within One Year				
Capital lease payable		21,827	21,827	
Bonds payable	120,000		120,000	
Notes payable		340,970	340,970	
Total Current Liabilities	2,841,964	1,236,875	4,078,839	326,025
Noncurrent Liabilities				
Due in More Than One Year				
Accrued compensated absences	210,886	122,041	332,927	
Capital lease payable		23,374	23,374	
Deferred bond premium amortization	564,435		564,435	
Bonds payable	3,595,000		3,595,000	
Notes payable		787,228	787,228	
Net pension liability	(79,558)	(11,469)	(91,027)	
Total Noncurrent Liabilities	4,290,763	921,174	5,211,937	
Total Liabilities	7,132,727	2,158,049	9,290,776	326,025
Deferred Inflows				
Deferred tax revenue	7,172,448		7,172,448	143,542
Split interest	658,345		658,345	
Pensions	2,579,679	371,755	2,951,434	
Total Deferred Inflows	10,410,472	371,755	10,782,227	143,542
NET POSITION				
Net investment in capital assets	49,914,868	20,559,879	70,474,747	760,545
Unrestricted	14,105,336	6,332,114	20,437,450	
Restricted	2,637,485		2,637,485	702,722
Total Net Position	66,657,689	26,891,993	93,549,682	1,463,267
Total	\$ 84,200,888	\$ 29,421,797	\$ 113,622,685	\$ 1,932,834

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION				Component Units
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		Total		
					Governmental Activities	Business-Type Activities			
Governmental Activities									
General government	\$ 2,329,305	\$ 60,180	\$	\$	\$ (2,269,125)	\$	\$ (2,269,125)	\$	
Public safety	1,890,562	33,897	7,493		(1,849,172)		(1,849,172)		
Parks and recreation	1,291,760	39,099	61,656		(1,191,005)		(1,191,005)		
Community Services	1,331,443	633,443	635,072		(62,928)		(62,928)		
Library	360,547	10,992	9,772		(339,783)		(339,783)		
Airport	611,313	312,069			(299,244)		(299,244)		
Local option tax	182,334		129,048	2,549,848	2,496,562		2,496,562		
Street/public works	2,491,116	526,818	217,284		(1,747,014)		(1,747,014)		
Total Governmental Activities	10,488,380	1,616,498	1,060,325	2,549,848	(5,261,709)		(5,261,709)		
Business-Type Activities									
Water	1,924,518	3,534,192				1,609,674	1,609,674		
Golf course	908,565	1,083,403				174,838	174,838		
Total Business-Type Activities	2,833,083	4,617,595				1,784,512	1,784,512		
Total Primary Government	13,321,463	6,234,093	1,060,325	2,549,848	(5,261,709)	1,784,512	(3,477,197)		
Component Units									
Urban Renewal Agency	496,772							(496,772)	

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF ACTIVITIES (Continued)
For the Year Ended September 30, 2021

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	Primary Government		Component	
	Governmental Activities	Business-Type Activities	Total	Units Total
Net (Expense) Revenue and Changes in Net Position (Continued)				
	<u>(5,261,709)</u>	<u>1,784,512</u>	<u>(3,477,197)</u>	<u>(496,772)</u>
General Revenues and Transfers				
Property taxes	6,283,399		6,283,399	866,669
Sales taxes	3,870,806		3,870,806	
Revenue sharing	999,009		999,009	
Pension plan revenue	415,807		415,807	
Earnings on investments	24,656	11,490	36,146	2,962
Miscellaneous	104,518	2,432	106,950	
Water and franchise fees	331,681	659,219	990,900	
Net operating transfers	<u>1,232,587</u>	<u>(76,850)</u>	<u>1,155,737</u>	<u>(1,155,737)</u>
Total General Revenues and Transfers	<u>13,262,463</u>	<u>596,291</u>	<u>13,858,754</u>	<u>(286,106)</u>
Change in Net Position				
	8,000,754	2,380,803	10,381,557	(782,878)
Net Position				
Beginning of Year	58,656,935	24,511,190	83,168,125	2,246,145
End of Year	<u>\$ 66,657,689</u>	<u>\$ 26,891,993</u>	<u>\$ 93,549,682</u>	<u>\$ 1,463,267</u>

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	MAJOR FUNDS							NON-MAJOR FUNDS		TOTAL
	Street /Public			Local Option		Debt	Capital			
	General	Library	Recreation	Airport	Tax	Service	Projects			
ASSETS										
Cash and investments	\$ 6,920,888	\$ 1,474,406	\$ 1,144,977	\$ 481,148	\$ 996,426	\$ 1,779,269	\$ 4,209,837	\$ 70,407	\$ 17,077,358	
Restricted cash and investments	1,587,463		658,840						2,246,303	
Receivables										
Property taxes	4,180,901	1,770,371	678,732	311,089	78,762		276,000		7,295,855	
Intergovernmental	245,285	46,993			13,156	40,531			345,965	
Grants	7,400			60,358	65,089	31,163			164,010	
Due from other funds	85,000	120,955	289,431	289,822				59,938	845,146	
Other receivables	197,311	8,440	2,453	1,592	13,795	343,993	125	13	567,722	
Prepaid expenses	32,872	137,384		24,000					194,256	
Total Assets	\$ 13,257,120	\$ 3,558,549	\$ 2,774,433	\$ 1,168,009	\$ 1,167,228	\$ 2,194,956	\$ 4,485,962	\$ 130,358	\$ 28,736,615	

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

Liabilities										
Accounts payable	\$ 262,919	\$ 129,549	\$ 59,299	283,874	\$ 56,652	332,659	\$	\$	\$ 1,124,952	
Accrued expense	215,676	60,159	18,980	46,453	10,847	5,466			357,581	
Due to other funds	446,926				1,955			53,498	502,379	
Advanced revenue	386,850		334,399	9,790	6,013				737,052	
Total Liabilities	1,312,371	189,708	412,678	340,117	75,467	338,125	0	53,498	2,721,964	
Deferred Inflows										
Unavailable revenue	4,165,913	1,764,131	676,329	309,983	78,537		276,000		7,270,893	
Irrevocable split-interest agreement			658,345						658,345	
Fund Balances										
Nonspendable	117,872	137,384		24,000					279,256	
Restricted	1,587,463	46,993	993,239	9,790					2,637,485	
Assigned	688,823	1,420,333	33,842	484,119	1,013,224	1,856,831	4,209,962	76,860	9,783,994	
Unassigned	5,384,678								5,384,678	
Total Fund Balances	7,778,836	1,604,710	1,027,081	517,909	1,013,224	1,856,831	4,209,962	76,860	18,085,413	
Total	\$ 13,257,120	\$ 3,558,549	\$ 2,774,433	\$ 1,168,009	\$ 1,167,228	\$ 2,194,956	\$ 4,485,962	\$ 130,358	\$ 28,736,615	

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2021

Total fund balance - total governmental funds \$ 18,085,413

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. These
assets, net of accumulated depreciation, consist of:

Land	\$ 9,568,894	
Buildings	3,776,867	
Improvements other than buildings	40,219,776	
Equipment	5,302,360	
Construction in progress	19,795,442	
Accumulated depreciation	<u>(24,469,036)</u>	
Total capital assets, net of accumulated depreciation		54,194,303

Some of the City's taxes will be collected after year-end, but are not
available soon enough to pay the current period's expenditures, and
therefore are reported as advanced revenue in the funds.

98,445

Long-term liabilities, applicable to governmental activities
are not due and payable in the current period and therefore are
not reported as fund liabilities. These liabilities consist of:

Net pension liability	\$ 79,558	
Pension related deferred inflows	(2,579,679)	
Pension related deferred outflows	<u>1,269,970</u>	
Total long term liabilities		(1,230,151)

Long-term liabilities, including bonds payable and accrued leave,
are not due and payable in the current period and therefore are
not reported as fund liabilities. These liabilities consist of:

Deferred bond premium amortization	\$ (564,435)	
Bonds payable	(3,715,000)	
Compensated absences payable	<u>(210,886)</u>	
Total long term liabilities		(4,490,321)

Total net position of governmental activities \$ 66,657,689

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	MAJOR FUNDS						NON-MAJOR FUNDS		TOTAL
	General	Street /Public Works	Library	Recreation	Airport	Local Option Tax	Debt Service	Capital Projects	
Revenues									
Property taxes	\$ 3,731,659	\$ 1,712,839	\$ 506,055	\$ 287,820	\$ 81,809	\$ -	\$ -	\$ -	\$ 6,320,182
Local option taxes	845,425			165,447		2,859,934			3,870,806
Intergovernmental	1,641,574	217,284	9,772	61,656	2,549,848	129,048			4,609,182
Licenses, permits, and fees	689,582				312,069				1,001,651
Charges for services	827,263	35,277	10,992	39,099					912,631
Fines	33,897								33,897
Interest	16,336	2,674		466	1,608	3,091	125	356	24,656
Miscellaneous	14,228	18,010	16,030	21,133	2,211	32,906			104,518
Total Revenues	7,799,964	1,986,084	542,849	575,621	2,947,545	3,024,979	125	356	16,877,523
Expenditures									
Current									
General government	1,882,755								\$ 1,882,755
Public protection	1,859,278								1,859,278
City clerk	271,647								271,647
Community Services	1,258,995		357,847				69,598		1,686,440
Streets		1,614,126							1,614,126
Airport					248,662				248,662
Recreation				1,057,570					1,057,570
Local option tax						182,334			182,334
Capital outlay	1,084,194	202,454	133,872	1,391,360	2,549,895	1,773,651			7,135,426
Total Expenditures	6,356,869	1,816,580	491,719	2,448,930	2,798,557	1,955,985	69,598		15,938,238
Excess (Deficiency) of Revenues Over Expenditures	1,443,095	169,504	51,130	(1,873,309)	148,988	1,068,994	(69,473)	356	939,285

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
For the Year Ended September 30, 2021

	MAJOR FUNDS					NON-MAJOR FUNDS		TOTAL
	<u>General</u>	<u>Street / Public Works</u>	<u>Library</u>	<u>Recreation</u>	<u>Airport</u>	<u>Local Option Tax</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Other Financing Sources (Uses)								
Transfers in (out)	(650,846)	40,522	141,017	1,753,453	(64,555)	12,996		1,232,587
Debt proceeds							4,279,435	4,279,435
Net Other Financing Sources (Uses)	(650,846)	40,522	141,017	1,753,453	(64,555)	12,996	4,279,435	5,512,022
Net Change in Fund Balances	792,249	210,026	192,147	(119,856)	84,433	1,081,990	4,209,962	6,451,307
Fund Balances, Beginning of Year	6,986,587	1,394,684	834,934	637,765	928,791	774,841		11,634,106
Fund Balances, End of Year	\$ 7,778,836	\$ 1,604,710	\$ 1,027,081	\$ 517,909	\$ 1,013,224	\$ 1,856,831	\$ 4,209,962	\$ 18,085,413

See accompanying notes to basic financial statements.

CITY OF MCALL, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds \$ 6,451,307

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

Revenues that will not be collected for several months after the City's fiscal
year end are not considered "available" revenues and are deferred in the
governmental funds. Advanced revenues increased by this amount this year. (36,783)

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets are allocated over their
estimated useful lives as depreciation expense. In the current period,
these amounts are:

Capital outlay	\$ 7,135,426	
Depreciation expense	(1,680,831)	
Excess of capital outlay over depreciation expense		5,454,595

In governmental funds, bonds are considered a source of financing,
but in the statement of net assets, the lease obligation is reported as a
liability. Similarly, lease payments are recorded as expenditures rather than
reductions of a liability

Bond proceeds	(4,279,435)
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Under the modified accrual basis of accounting used in the governmental
funds, expenditures are not recognized for transactions that are not
normally paid with expendable financial resources. In the statement of
activities, which is presented on the accrual basis, expenses and liabilities
are reported regardless of financial resource availability.

Change in pension revenue	\$ 415,807	
Decrease in compensated absence payable	(4,737)	
		411,070

Change in Net Position of Governmental Activities	\$ 8,000,754
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See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2021

	Water Fund	Golf Course Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,669,993	\$ 1,179,693	\$ 6,849,686
Receivables			
Accounts	537,629		537,629
Other governments		12,500	12,500
Due from other funds		14,217	14,217
Other		2,600	2,600
Prepaid expenses	88,802		91,402
Total Current Assets	6,296,424	1,209,010	7,505,434
Non-current Assets			
Capital Assets			
Construction in progress	2,493,637	32,132	2,525,769
Land	562,326	579,994	1,142,320
Buildings	12,049,935	952,595	13,002,530
Equipment	867,168	488,637	1,355,805
Improvements other than buildings	18,764,511	3,928,503	22,693,014
Less accumulated depreciation	(15,458,202)	(3,527,958)	(18,986,160)
Total capital assets, net of accumulated depreciation	19,279,375	2,453,903	21,733,278
Total Assets	25,575,799	3,662,913	29,238,712
Deferred outflows			
Pension related items	116,244	66,841	183,085
Total Assets and Deferred Outflows	\$ 25,692,043	\$ 3,729,754	\$ 29,421,797

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (Continued)
September 30, 2021

	Water Fund	Golf Course Fund	Total
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 615,613	\$ 227,927	\$ 843,540
Accrued interest payable	9,432	2,654	12,086
Accrued compensated balances	75,723	46,318	122,041
Other accrued expenses	13,452	5,000	18,452
Current portion of capital leases	0	21,827	21,827
Current portion of notes payable	<u>340,970</u>		<u>340,970</u>
Total Current Liabilities	1,055,190	303,726	1,358,916
Non-Current Liabilities			
Long-term portion of capital leases		23,374	23,374
Long-term portion of notes payable	702,228	85,000	787,228
Net pension liability	<u>(7,282)</u>	<u>(4,187)</u>	<u>(11,469)</u>
Total Noncurrent Liabilities	<u>694,946</u>	<u>104,187</u>	<u>799,133</u>
Total Liabilities	1,750,136	407,913	2,158,049
Deferred Inflows			
Pension related items	<u>236,035</u>	<u>135,720</u>	<u>371,755</u>
NET POSITION			
Invested in capital assets	18,236,177	2,323,702	20,559,879
Restricted			
Unrestricted	<u>5,469,695</u>	<u>862,419</u>	<u>6,332,114</u>
Total Net Position	<u>23,705,872</u>	<u>3,186,121</u>	<u>26,891,993</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 25,692,043</u>	<u>\$ 3,729,754</u>	<u>\$ 29,421,797</u>

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS****For the Year Ended September 30, 2021**

	Water Fund	Golf Course Fund	Total
Operating Revenues			
Charges for services	\$ 3,534,192	\$ 1,055,086	\$ 4,589,278
Other income		<u>28,317</u>	<u>28,317</u>
Total Operating Revenues	<u>3,534,192</u>	<u>1,083,403</u>	<u>4,617,595</u>
Operating Expenses			
Salaries	406,297	382,595	788,892
Fringe benefits	58,696	49,351	108,047
Professional fees	182,443	(42,870)	139,573
Utilities and telephone		57,172	57,172
Maintenance and operations	300,471	209,567	510,038
Supplies	146,808	76,923	223,731
Depreciation	<u>807,010</u>	<u>172,376</u>	<u>979,386</u>
Total Operating Expenses	<u>1,901,725</u>	<u>905,114</u>	<u>2,806,839</u>
Operating Income (Loss)	1,632,467	178,289	1,810,756
Non-operating Revenues (Expenses)			
Interest revenues	10,464	1,026	11,490
Private contributions		1,000	1,000
Interest expense	(22,793)	(3,451)	(26,244)
Water hook-on fees	659,219		659,219
Miscellaneous income (expense)	<u>1,432</u>		<u>1,432</u>
Total Non-operating Revenues (Expenses)	<u>648,322</u>	<u>(1,425)</u>	<u>646,897</u>
Income (Loss) Before Transfers	2,280,789	176,864	2,457,653
Operating Transfers In (Out)			
Transfers in		381,889	381,889
Transfers out	<u>(379,355)</u>	<u>(79,384)</u>	<u>(458,739)</u>
Total Operating Transfers In (Out)	<u>(379,355)</u>	<u>302,505</u>	<u>(76,850)</u>
Change in Net Position	1,901,434	479,369	2,380,803
Net Position, Beginning of Year	<u>21,804,438</u>	<u>2,706,752</u>	<u>24,511,190</u>
Net Position, End of Year	<u>\$ 23,705,872</u>	<u>\$ 3,186,121</u>	<u>\$ 26,891,993</u>

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Water Fund	Golf Course Fund	Total
Cash Flow From Operating Activities			
Cash received from customers	\$ 3,447,781	\$ 1,083,999	\$ 4,531,780
Cash payments to suppliers for goods	(216,803)	(93,472)	(310,275)
Cash payments to employees for services	(615,250)	(489,449)	(1,104,699)
Net Cash Provided By (Used in) Operating Activities	2,615,728	501,078	3,116,806
Cash Flows From Noncapital Financing Activities			
Operating transfers	(364,070)	332,505	(31,565)
Other non-operating income (loss)	660,651	1,000	661,651
Net Cash Provided By Noncapital Financing Activities	296,581	333,505	630,086
Cash Flow From Capital and Related Financing Activities			
Acquisition of capital assets	(1,655,507)	(214,457)	(1,869,964)
New long-term borrowings			
Principal payments on long-term debt	(334,097)	(20,832)	(354,929)
Interest payments on long-term debt	(22,793)	(3,451)	(26,244)
Net Cash Used in Capital and Related Financing Activities	(2,012,397)	(238,740)	(2,251,137)
Cash Flows From Investing Activities			
Interest on investments	10,464	1,026	11,490
Net Increase (Decrease) in Cash and Cash Equivalents	910,376	596,869	1,507,245
Cash and Cash Equivalents, Beginning of Year	<u>4,759,617</u>	<u>582,824</u>	<u>5,342,441</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,669,993</u>	<u>\$ 1,179,693</u>	<u>\$ 6,849,686</u>

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)
For the Year Ended September 30, 2021

	Water Fund	Golf Course Fund	Total
Reconciliation of Operating Income (Loss) To			
Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 1,632,467	\$ 178,289	\$ 1,810,756
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Depreciation	807,010	172,376	979,386
Deferred Outflows	(25,880)	(27,688)	(53,568)
Deferred Inflows	155,627	114,389	270,016
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(86,411)		(86,411)
(Increase) decrease in prepaid expense	(5,372)	(2,004)	(7,376)
(Increase) decrease in other receivables		2,600	2,600
Increase (decrease) in accounts payable	422,980	208,517	631,497
Increase (decrease) in net pension liability	(281,437)	(133,174)	(414,611)
Increase (decrease) in accrued expenses absences payable	(4,689)	(1,197)	(5,886)
	<u>1,433</u>	<u>(11,030)</u>	<u>(9,597)</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 2,615,728</u>	<u>\$ 501,078</u>	<u>\$ 3,116,806</u>

See accompanying notes to basic financial statements.

CITY OF MCCALL, IDAHO

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

General Statement

City of McCall, Idaho (the City) was incorporated July 19, 1911. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police), parks and recreations, community services, streets and general administrative services.

Financial Reporting Entity

The accompanying financial statements present the activities of the City of McCall (the City) and its single component unit, the Urban Renewal Agency (URA). In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit. The URA has been discretely presented.

Basis of Presentation

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements: The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

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

Street/Public Works Fund is used to account for the operation of the street maintenance department. Financing is provided by state gasoline and sales taxes as well as property taxes. State law and city ordinance require that these revenues be used to maintain roads and streets.

Airport Fund is used to account for the operation of the City's local airport. Financing is provided through property taxes, charges for services and state and federal grants.

Recreation Fund is used to account for operation of City recreation programs. Financing is provided by a specific annual property tax levy to the extent miscellaneous revenues are not sufficient to provide such financing. City ordinance restricts these property taxes to financing of recreation programs.

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

Local Option Tax Fund is used to account for the operation of the City's Local Option Tax over tourism.

Debt Service Fund is used to account for the bonds issued for the library during the fiscal year.

Capital Project Fund, a nonmajor fund, is used to account for certain capital projects of the City.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

The *Golf Course Fund* is used to account for the revenues and costs necessary to operate the City's golf course.

The *Water Fund* is used to account for the revenues and costs necessary to operate the City's water system.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of personnel and contractual services, supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the end of the fiscal year, have been recorded as deferred inflows. Receivables that will not be collected within the available period have also been reported as deferred inflows on the government fund financial statements.

Budgetary Control

Annual budgets are adopted on a basis consistent with state code and generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital projects funds. Annual operating budgets are adopted for proprietary funds.

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

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

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

Formal budgetary integration is employed as a management control device during the year for all funds.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value.

Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent year, and the reserve for prepaid expenses has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of resources are reported as fund balance transfers. All other interfund transfers are reported as operating transfers. These transfers offset each other and are not a part of the government-wide financial statements unless between business-type (enterprise) funds and governmental funds.

Non-tax receivables are recognized as revenues received from the State and Federal governments if designated for the current fiscal period.

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

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets construction.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	12-40
Improvements other than buildings	10-50
Equipment and vehicles	5-10

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Employees of the City are entitled to paid vacation, paid sick leave and personal days off (comp time), depending on job classification, length of service and other factors. All vacation and personal days off are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds do not report a liability for these amounts unless payment will be made early in the following year.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Inventories

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

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Long-term Obligations

The accounting treatment of long-term debt depends on whether the related assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Long-term debt consists of notes and bonds payable, capital leases, and accrued compensated absences. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types report debt proceeds as other financing sources and payment of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position Classifications

Government-Wide Statements: Net position is displayed in three components as follows:

Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted”

Fund statements: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Use of Restricted/ Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City’s policy is to apply restricted resources first and then unrestricted resources as they are needed.

Use of Estimates

The City uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Property Tax Calendar

The City's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the City. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

Under Idaho Code Section 50-235, the City cannot levy taxes over nine-tenths percent (.9%) of the total City adjusted market value for real property located within the City. Taxes are due in two installments on December 20 and June 20 following the levy date. Property taxes levied for 2021 are recorded as receivables if uncollected and a deferred revenue amount is recorded, in the fund financial statements, to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

Customer Services Receivable

Amounts owed to the City for customer services are due from area residents and businesses and relate to water services provided by the City. The City analyzes past due accounts and current circumstances to evaluate collectability.

General Fund Accounts Receivable

Amounts owed to the City for customer services are due from a variety of sources. The City analyzes past due accounts and current circumstances to evaluate collectability.

Advanced Revenue

The City reports advanced revenues on its statement of net position and fund balance sheet. Advanced revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2021, deferred inflows represented property taxes receivable unavailable for current use.

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.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note B – Cash and Investments

At September 30, 2021, the City's cash and investments consisted of the following:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash		
Bank Deposits	\$ 1,465,783	\$ 1,482,408
Cash on Hand		<u>3,266</u>
Total Cash	<u>\$ 1,465,783</u>	<u>\$ 1,485,674</u>
	<u>Rating</u>	<u>Fair Value</u>
Investments		
Certificate of Deposit	N/A	\$ 252,336
State Treasurer's Local Government Pool	N/A	24,733,466
Equities and Securities	AAA	<u>658,840</u>
Total Investments		<u>\$ 25,644,642</u>

Reconciliation of the City's deposit and investment balances as of September 30, 2021:

	<u>City's Deposits and Investments</u>	<u>Component Units</u>	<u>Total</u>	<u>Average Maturities</u>
Cash in bank – Deposits	\$ 1,407,733	\$ 74,675	\$ 1,482,408	NA
Certificate of Deposit	252,336		252,336	NA
State Treasurer LGIP	23,851,172	882,294	24,733,466	<12 Mo
Equities and Securities	658,840		658,840	NA
Cash on Hand	<u>3,266</u>		<u>3,266</u>	<u>NA</u>
Total	<u>\$ 26,173,347</u>	<u>\$ 956,969</u>	<u>\$ 27,130,316</u>	

Custodial Credit Risk – Deposits

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The City's policy requires all investments should be held in the City's name, in the bank's Trust Department, or alternately in the Federal Reserve Bank.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note B – Cash and Investments (Continued)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The rating of the Local Government Investment Pool (LGIP) as of September 30, 2009 was AAA. The LGIP terminated its rating service in December 2009 as the cost of the rating outweighed the benefit to the pool as a whole. The funds objectives and overall strategy and structure have not changed.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 252,336	\$ 252,336	\$	\$
Equities	422,102	422,102		
Fixed income				
Municipal Securities	<u>236,738</u>	<u></u>	<u>236,738</u>	<u></u>
Total investments	<u>\$ 911,176</u>	<u>\$ 674,438</u>	<u>\$ 236,738</u>	<u>\$ 0</u>

Interest Rate Risk

Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The City's policy to mitigate interest rate risk is to structure the City's portfolio so that securities mature to meet the City's cash demands and ongoing operations, thereby precluding the need to sell securities to the open market prior to their maturity and primarily invest in shorter-term securities.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The City's policy is to invest no more than 50% of their total investments in a single security type or with a single financial institution, with the exception of the U.S. Treasury Securities, and authorized pools.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note C – Capital Assets

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

Governmental Activities

	<u>9/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 9,568,894	\$	\$	\$ 9,568,894
Construction in Progress	<u>14,564,270</u>	<u>5,652,214</u>	<u>(421,042)</u>	<u>19,795,442</u>
Total	24,133,164	5,652,214	(421,042)	29,364,336
Capital assets, being depreciated:				
Buildings	3,755,681	21,186		3,776,867
Infrastructure	18,525,424			18,525,424
Improvements	19,935,751	1,337,559	421,042	21,694,352
Equipment	<u>5,177,893</u>	<u>124,467</u>		<u>5,302,360</u>
Total	71,527,913	7,135,426		78,663,339
Less accumulated depreciation for:				
Buildings	2,164,256	78,988		2,243,244
Infrastructure	6,962,728	583,740		7,546,468
Improvements	9,896,863	757,871		10,654,734
Equipment	<u>3,764,358</u>	<u>260,232</u>		<u>4,024,590</u>
Total accumulated depreciation	<u>22,788,205</u>	<u>1,680,831</u>		<u>24,469,036</u>
Governmental activities capital assets, net	<u>\$ 48,739,708</u>	<u>\$ 5,454,595</u>	<u>\$ 0</u>	<u>\$ 54,194,303</u>

Business-Type Activities

	<u>9/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 1,142,320	\$	\$	\$ 1,142,320
Construction in progress	<u>2,053,903</u>	<u>1,617,161</u>	<u>(1,145,295)</u>	<u>2,525,769</u>
Total	3,196,223	1,617,161	(1,145,295)	3,668,089
Capital assets, being depreciated:				
Buildings and Improvements	12,953,052	49,478		13,002,530
Improvements	21,344,394	203,325	1,145,295	22,693,014
Equipment	<u>1,355,805</u>			<u>1,355,805</u>
Total	35,653,251	252,803	1,145,295	37,051,349
Less accumulated depreciation for:				
Buildings and Improvements	6,957,503	321,744		7,279,247
Improvements	10,408,486	560,509		10,968,995
Equipment	<u>640,785</u>	<u>97,133</u>		<u>737,918</u>
Total accumulated depreciation	<u>18,006,774</u>	<u>979,386</u>	<u>0</u>	<u>18,986,160</u>
Business-type capital assets, net	<u>\$ 20,842,700</u>	<u>\$ 890,578</u>	<u>\$ 0</u>	<u>\$ 21,733,278</u>

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note C – Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$	170,166
Public Protection		31,284
Community services		5,550
Streets		876,990
Airport		362,651
Recreation		<u>234,190</u>

Total Depreciation Expense	\$	<u>1,680,831</u>
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Business Activities

Golf Course	\$	172,376
Water		<u>807,010</u>

Total Depreciation Expense	\$	<u>979,386</u>
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Note D – Government Fund Balances

The Local Option Tax (LOT) was established in 2005 by City Ordinance No. 796, renewed by City Ordinance No. 887 in 2011 effective January 1, 2012, and renewed by City Ordinance No. 965 in 2018 effective January 1, 2019. In 2015, two additional local LOTs were established by City Ordinance 936. The LOT established in 2011 is to be used for programs and groups recommended by the LOT commission and approved by City Council. The two additional LOT's established in 2015 are to be used primarily for street replacement, repair and maintenance. Highway user fees are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements. Franchise fees are established by City Ordinance No. 862 in 2009 for the specific use of funding underground utility expansion.

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

Resolution 11-19 was adopted in November of 2011 to establish minimum fund balance / net position policies consisting of cash flow and budget stabilization. Those minimum balances enable the City to meet debt payments and other obligations. The minimum balances established for cash flow are expressed as a percentage of the current years' operating budget. Those minimums are as follows: General Fund – 25%, Special Revenue Funds – 20%, Enterprise Funds – 30%, in addition to any sums required under loan or bond agreements. The minimum fund balances established for budget stabilization are expressed as a percentage of the three most recent years' average operating budgets. Those minimums are as follows: General Fund – 15%, Special Revenue Funds – 10%. In the event these minimum balances are used, the City shall strive to restore the balances to the above levels within no more than three fiscal years following the fiscal year in which the reserves were used.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note D – Government Fund Balances (Continued)

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Restricted assets included those related to franchise fees, irrevocable split interest trust assets held for library and DEQ loan reserves.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only City Council, Finance Director or the Council's finance committee may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of September 30, 2021, fund balances are comprised of the following:

	<u>General</u>	<u>Street/ Public Works</u>	<u>Airport</u>	<u>Recreation</u>	<u>Library</u>	<u>Local Option</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>
<i>Nonspendable</i>								
Prepaid	\$ 32,872	\$ 137,384	\$ 0	\$ 24,000	\$ 0	\$ 0	\$ 0	\$ 0
Interfund rec	<u>85,000</u>							
	117,872	137,384		24,000				
<i>Restricted</i>								
Library					658,840			
Highway fee		46,993						
Grants	386,850			9,790	334,399			
Franchise	<u>1,200,613</u>							
	1,587,463	46,993	0	9,790	993,239	0	0	0
<i>Assigned</i>								
Street/PW		1,420,333						
Airport			1,013,224					
Library					33,842			
Recreation				484,119				
Local opt.	688,823					1,856,831		
Debt service							4,209,962	
Capital Proj.								<u>76,860</u>
	688,823	1,420,333	1,013,224	484,119	33,842	1,856,831	4,209,962	76,860
<i>Unassigned</i>	<u>5,384,678</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 7,778,836</u>	<u>\$ 1,604,710</u>	<u>\$ 1,013,224</u>	<u>\$ 517,909</u>	<u>\$ 1,027,081</u>	<u>\$ 1,856,831</u>	<u>\$ 4,209,962</u>	<u>\$ 76,860</u>

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note E – Interfund Receivables, Payables, and Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity. For the year then ended September 30, 2021, interfund transfers consisted of the following:

	Transfer from					Total
	General Fund	Water Fund	Airport Fund	Urban Renewal	Nonmajor Governmental	
Transfer to:						
General fund	\$	\$ (379,355)	\$ (64,555)	\$ (18,196)	\$	\$ (462,106)
Golf course fund	302,505					302,505
Library fund	141,017					141,017
Recreation	579,520			1,173,933		1,753,453
Streets	40,522					40,522
Nonmajor	12,996					12,996
	<u>\$ 1,076,560</u>	<u>\$ (379,355)</u>	<u>\$ (64,555)</u>	<u>\$ 1,155,737</u>	<u>\$ 0</u>	<u>\$ 1,788,387</u>

Note F – Pension Plan

Plan Description

The City of McCall 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.

Employee membership data related to the PERSI Base Plan, as of June 30, 2021 was as follows:

Retirees and beneficiaries	50,891
Terminated and vested	14,539
Active plan members	
Vested	44,539
Non-vested	29,024
	<u>138,993</u>

Pension Benefits

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

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note F – Pension Plan (Continued)

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. City of McCall's contributions were \$525,135 for the year ended September 30, 2021.

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

At September 30, 2021, City of McCall reported an asset for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was 0.1152558 percent.

For the year ended September 30, 2021, City of McCall recognized net pension income of \$415,807. At September 30, 2021 City of McCall reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 134,115	\$ 52,911
Changes in assumptions or other inputs	1,044,868	
Net difference between projected and actual Earnings on pension plan investments	0	2,859,076
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	131,734	39,447
City of McCall, Idaho's contributions subsequent to the measurement date	<u>142,338</u>	
Total	<u>\$ 1,453,055</u>	<u>\$ 2,951,434</u>

\$142,338 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note F – Pension Plan (Continued)

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, 2020 the beginning of the measurement period ended June 30, 2021 is 4.9 and 4.9 for the measurement period June 30, 2021.

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

Year Ending June 30,	Amount
2022	\$ (470,927)
2023	(424,402)
2024	(370,897)
2025	(735,749)

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary inflation	6.35%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%.

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

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

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note F – Pension Plan (Continued)

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	(0.20)%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
Portfolio Long-Term Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses		4.05%	
Assumed Inflation			2.3%
Long-Term Expected Nominal Rate of Return, Net of Investment Expenses			6.35%

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note F – Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher 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)	\$ <u>3,164,279</u>	\$ <u>(91,207)</u>	\$ <u>(2,759,466)</u>

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, 2021, the City reported no payables to the defined benefit pension plan for legally required employee contributions.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note G – Leases

Operating Leases: The City leases office space, construction and office equipment under non-cancelable operating leases. Lease expense for this equipment was \$318,830 for the year ended September 30, 2021. Certain leases contain balloon payments at the end of the lease if the City chooses to purchase the asset. These payments are contingent on the City purchasing the asset and are not included in the amounts below. The future minimum lease payments for these leases are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Amount</u>
2022	\$ 317,454
2023	170,702
2024	65,499
2025	6,396
2026	0
	<u>\$ 560,051</u>

Capital Leases: The City has entered into lease agreement as lessee for financing the acquisition of equipment for the golf course. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the dates of inception. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2021 were as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Golf</u> <u>Fund</u>
2022	\$ 25,030
2023	<u>25,030</u>
Total minimum lease payments	50,060
Less: Amount representing interest	<u>(4,859)</u>
Present value of minimum lease payments	<u>\$ 45,201</u>
Amount due within one year	\$ 21,827
Amount due in more than one year	<u>23,374</u>
	<u>\$ 45,201</u>

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt

Water Fund:

The City has pledged future water customer revenues, net of specified operating expenses, to repay a \$5.9 million drinking water facility promissory note payable to the State of Idaho signed in April 2004. Proceeds from the note provided financing to complete phase II of the water treatment facility. The bonds are payable solely from drinking water facility revenues and are payable through 2024. Annual principal and interest payments on the note are expected to require less than 20 percent of net revenues.

The remaining payments are \$179,955 due semiannually, including interest at 2% throughout the term of the loan. The schedule of debt service requirements until maturity, is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 340,970	\$ 19,163
2023	347,595	12,314
2024	<u>354,633</u>	<u>5,328</u>
	<u>\$ 1,043,198</u>	<u>\$ 36,805</u>

Library Fund: The City has obtained a general obligation bond to construct a new library facility. The project is estimated to begin construction in FY2022. Payments range from \$239,756 to \$257,500 and are due annually. The bond will be repaid over 20 years at a 4% interest rate. The schedule of debt service requirements until maturity is as follows:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 120,000	\$ 119,756
2023	135,000	122,000
2024	140,000	116,600
2025	145,000	111,000
2026	150,000	105,200
2027–2031	845,000	431,400
2032–2036	1,010,000	268,350
2037–2041	<u>1,170,000</u>	<u>107,550</u>
	<u>\$ 3,715,000</u>	<u>\$ 1,381,856</u>

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note H – Long-Term Debt (Continued)

Changes in Long-Term Liabilities

During the year ended September 30, 2021, the following changes occurred in long-term debt:

	Balance 9/30/20	Increases	Decreases	Balance 9/30/21	Due Within One Year
<i>Governmental Activities</i>					
Compensated absences	\$ 206,149	\$ 13,618	\$ (8,881)	\$ 210,886	\$
Bonds payable	<u>0</u>	<u>3,715,000</u>	<u></u>	<u>3,715,000</u>	<u>120,000</u>
Total	<u>\$ 206,149</u>	<u>\$ 3,728,618</u>	<u>\$ (8,881)</u>	<u>\$ 3,925,886</u>	<u>\$ 120,000</u>
<i>Business-type Activities</i>					
Capital Leases	\$ 65,583	\$	\$ (20,382)	\$ 45,201	\$ 21,827
Compensated absences	49,702	4,322	(24)	54,000	
Notes Payable	<u>1,377,295</u>	<u></u>	<u>(334,097)</u>	<u>1,043,198</u>	<u>340,970</u>
Total	<u>\$ 1,492,580</u>	<u>\$ 4,322</u>	<u>\$ (354,503)</u>	<u>\$ 1,142,399</u>	<u>\$ 362,797</u>

Note I – Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note J – Risks and Uncertainties

The COVID-19 pandemic is having significant effects on markets, supply chains, businesses, and communities. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the City's funding sources, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the City's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

CITY OF MCCALL, IDAHO
NOTES TO FINANCIAL STATEMENTS

Note K – Component Unit

The McCall Redevelopment Agency (MRA or the Agency) is created by and exists under the Idaho Urban Renewal Law of 1965, as amended, and is a separate legal entity. It follows the same accounting policies outlined above for the city. The following is additional information on the URA.

Cash and Investments

At September 30, 2022, the URA held \$74,675 at US Bank and \$882,294 in the local general investment pool.

Capital Assets

	<u>9/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>9/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 293,115	\$	\$	\$ 293,115
Capital assets, being depreciated:				
Buildings and improvements	3,498,650			3,498,650
Less accumulated depreciation	<u>(2,699,360)</u>	<u>(331,860)</u>		<u>(3,031,220)</u>
Buildings and improvements, net	<u>799,290</u>	<u>(331,860)</u>	<u>0</u>	<u>467,430</u>
Total	<u>\$ 1,092,405</u>	<u>\$ (331,860)</u>	<u>\$ 0</u>	<u>\$ 760,545</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MCCALL, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Property taxes	\$ 3,831,097	\$ 3,731,659	\$ (99,438)
Local option tax	712,249	845,425	133,176
Grants - intergovernmental	900,643	1,641,574	740,931
Licences, permits and fees	283,600	689,582	405,982
Charges for services	1,361,729	827,263	(534,466)
Fines	33,600	33,897	297
Interest	50,000	16,336	(33,664)
Miscellaneous	3,300	14,228	10,928
Total Revenue	7,176,218	7,799,964	623,746
Expenditures			
Mayor and council	226,127	282,559	(56,432)
Network administration	459,430	411,210	48,220
City manager	450,147	461,291	(11,144)
Administration	331,354	328,604	2,750
Finance Department	393,240	399,091	(5,851)
Public safety	1,768,038	1,859,278	(91,240)
Parks and recreation	53,559	0	53,559
City clerk	289,433	271,647	17,786
Community Services	929,864	715,555	214,309
Local option tax	1,011,800	543,440	468,360
Capital outlay	2,989,001	1,084,194	1,904,807
Total Expenditures	8,901,993	6,356,869	2,545,124
Excess (Deficiency) of Revenues Over Expenditures	(1,725,775)	1,443,095	3,168,870
Other Financing Sources (Uses)			
Transfers in (out)	1,725,775	(650,846)	(2,376,621)
Total Other Financing Sources	1,725,775	(650,846)	(2,376,621)
Net Change in Fund Balance		792,249	\$ 792,249
Fund Balance, Beginning of Year	6,986,587	6,986,587	
Fund Balance, End of Year	\$ 6,986,587	\$ 7,778,836	

CITY OF MCCALL, IDAHO
STREET / PUBLIC WORKS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Property taxes	\$ 1,720,090	\$ 1,712,839	\$ (7,251)
Local option tax	119,000		(119,000)
Grants - intergovernmental	995,128	217,284	(777,844)
Charges for services	44,222	35,277	(8,945)
Earnings on investments	10,000	2,674	(7,326)
Miscellaneous	<u>7,500</u>	<u>18,010</u>	<u>10,510</u>
 Total Revenue	 2,895,940	 1,986,084	 (909,856)
Expenditures			
Streets	2,411,760	1,614,126	797,634
Capital outlay	<u>1,110,987</u>	<u>202,454</u>	<u>908,533</u>
 Total Expenditures	 <u>3,522,747</u>	 <u>1,816,580</u>	 <u>1,706,167</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (626,807)	 169,504	 796,311
Other Financing Sources (Uses)			
Transfers in (out)	<u>626,807</u>	<u>40,522</u>	<u>(586,285)</u>
 Total Other Financing Sources	 <u>626,807</u>	 <u>40,522</u>	 <u>(586,285)</u>
 Net Change in Fund Balance		210,026	<u>\$ 210,026</u>
 Fund Balance, Beginning of Year	 <u>1,394,684</u>	 <u>1,394,684</u>	
 Fund Balance, End of Year	 <u>\$ 1,394,684</u>	 <u>\$ 1,604,710</u>	

CITY OF MCCALL, IDAHO**LIBRARY FUND****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****BUDGET AND ACTUAL****For the Year Ended September 30, 2021**

	Budget Original And Final	Actual	Variance
Revenues			
Property taxes	\$ 463,004	\$ 506,055	\$ 43,051
Local option tax	250,110		(250,110)
Grants - intergovernmental	250,000	9,772	(240,228)
Charges for services	11,225	10,992	(233)
Earnings on investments	3,124		(3,124)
Miscellaneous	<u>4,700</u>	<u>16,030</u>	<u>11,330</u>
 Total Revenue	 982,163	 542,849	 (439,314)
Expenditures			
Community services - library	360,628	357,847	2,781
Capital outlay	<u>932,341</u>	<u>133,872</u>	<u>798,469</u>
 Total Expenditures	 <u>1,292,969</u>	 <u>491,719</u>	 <u>801,250</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (310,806)	 51,130	 361,936
Other Financing Sources (Uses)			
Transfers in (out)	<u>310,806</u>	<u>141,017</u>	<u>(169,789)</u>
 Total Other Financing Sources	 <u>310,806</u>	 <u>141,017</u>	 <u>(169,789)</u>
 Net Change in Fund Balance		192,147	\$ <u>192,147</u>
 Fund Balance, Beginning of Year	 <u>834,934</u>	 <u>834,934</u>	
 Fund Balance, End of Year	 <u>\$ 834,934</u>	 <u>\$ 1,027,081</u>	

CITY OF MCCALL, IDAHO
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Property taxes	\$ 266,907	\$ 287,820	\$ 20,913
Local option taxes	76,567	165,447	88,880
Grants - intergovernmental	176,304	61,656	(114,648)
Charges for services	227,892	39,099	(188,793)
Earnings on investments	4,992	466	(4,526)
Miscellaneous	<u>13,750</u>	<u>21,133</u>	<u>7,383</u>
 Total Revenue	 766,412	 575,621	 (190,791)
Expenditures			
Recreation	1,263,067	1,057,570	205,497
Capital outlay	<u>863,824</u>	<u>1,391,360</u>	<u>(527,536)</u>
 Total Expenditures	 <u>2,126,891</u>	 <u>2,448,930</u>	 <u>(322,039)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (1,360,479)	 (1,873,309)	 (512,830)
Other Financing Sources (Uses)			
Transfers in (out)	<u>1,360,479</u>	<u>1,753,453</u>	<u>392,974</u>
 Total Other Financing Sources	 <u>1,360,479</u>	 <u>1,753,453</u>	 <u>392,974</u>
 Net Change in Fund Balance		(119,856)	\$ <u>(119,856)</u>
 Fund Balance, Beginning of Year	 <u>637,765</u>	 <u>637,765</u>	
 Fund Balance, End of Year	 <u>\$ 637,765</u>	 <u>\$ 517,909</u>	

CITY OF MCCALL, IDAHO

AIRPORT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Property taxes	87,628	\$ 81,809	\$ (5,819)
Grants - intergovernmental	11,301,250	2,549,848	(8,751,402)
Licenses, permits and fees	273,833	312,069	38,236
Earnings on investments	1,230	1,608	378
Miscellaneous	21,750	2,211	(19,539)
Total Revenue	11,685,691	2,947,545	(8,738,146)
Expenditures			
Airport	347,655	248,662	98,993
Capital outlay	11,338,036	2,549,895	8,788,141
Total Expenditures	11,685,691	2,798,557	8,887,134
Excess (Deficiency) of Revenues Over Expenditures		148,988	148,988
Other Financing Sources (Uses)			
Transfers in (out)		(64,555)	(64,555)
Total Other Financing Sources	0	(64,555)	(64,555)
Net Change in Fund Balance		84,433	\$ 84,433
Fund Balance, Beginning of Year	928,791	928,791	
Fund Balance, End of Year	\$ 928,791	\$ 1,013,224	

CITY OF MCCALL, IDAHO
LOCAL OPTION TAX
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Local options tax	\$ 2,113,000	\$ 2,859,934	\$ 746,934
Grants	1,857,807	129,048	(1,728,759)
Earnings on investments	25,165	3,091	(22,074)
Miscellaneous		32,906	32,906
	<hr/>	<hr/>	<hr/>
Total Revenue	3,995,972	3,024,979	(970,993)
Expenditures			
Local option tax	676,943	182,334	494,609
Capital outlay	3,636,629	1,773,651	1,862,978
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,313,572	1,955,985	2,357,587
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(317,600)	1,068,994	1,386,594
Other Financing Sources (Uses)			
Transfers in (out)		12,996	12,996
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources		12,996	12,996
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(317,600)	1,081,990	\$ 1,399,590
Fund Balance, Beginning of Year	<hr/> 774,841	<hr/> 774,841	
Fund Balance, End of Year	<hr/> \$ 457,241	<hr/> \$ 1,856,831	

CITY OF MCCALL, IDAHO
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2021

	Budget Original And Final	Actual	Variance
Revenues			
Earnings on investments	\$ _____	\$ 125	\$ 125
Total Revenue		125	125
Expenditures			
Bond - cost of issuance expenses	_____	69,598	(69,598)
Total Expenditures	_____	69,598	(69,598)
Excess (Deficiency) of Revenues Over Expenditures		(69,473)	(69,473)
Other Financing Sources (Uses)			
Debt proceeds, net of expenses	_____	4,279,435	4,279,435
Total Other Financing Sources	_____	4,279,435	4,279,435
Net Change in Fund Balance	\$ _____ 0	4,209,962	\$ 4,209,962
Fund Balance, End of Year		_____	
Fund Balance, End of Year		\$ 4,209,962	

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND
EMPLOYER CONTRIBUTIONS**
For the Year Ended September 30, 2021

Schedule of Employer's Share of Net Pension Liability

	PERSI - Base Plan					
	Last 10 - Fiscal Years *					
	2015	2016	2017	2018	2019	2020
Employer's portion of the net pension liability	0.12%	0.13%	0.12%	0.11%	0.11%	0.11%
Employer's proportionate share of the net pension liability	\$ 1,633,159	\$ 2,479,805	\$ 1,834,028	\$ 1,652,595	\$ 1,259,037	\$ 2,516,325
Employer's covered-employee payroll	\$ 3,516,395	\$ 3,736,238	\$ 3,782,093	\$ 3,820,157	\$ 3,791,742	\$ 3,884,161
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	46.44%	66.37%	48.49%	43.26%	33.20%	64.78%
Plan fiduciary net position as a percentage of total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%

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

Data reported is measured as of June 30, 2021 (measurement date)

Schedule of Employer Contributions

	PERSI - Base Plan					
	Last 10 - Fiscal Years *					
	2015	2016	2017	2018	2019	2020
Statutorily required contribution	\$ 393,234	\$ 409,600	\$ 425,774	\$ 430,678	\$ 449,137	\$ 493,865
Contributions in relation to statutorily required contribution	\$ 393,234	\$ 409,600	\$ 425,774	\$ 430,678	\$ 449,137	\$ 493,865
Contribution (deficiency) excess	-	-	-	-	-	-
Employer's covered-employee payroll	\$ 3,516,395	\$ 3,624,112	\$ 3,773,897	\$ 3,839,839	\$ 3,934,882	\$ 4,115,620
Contributions as a percentage of covered-employee payroll	11.18%	11.43%	11.28%	11.22%	11.41%	12.00%

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

Data reported is measured as of September 30, 2021 (The City's fiscal year end)

SUPPLEMENTARY INFORMATION

FEDERAL REPORTS

**INDEPENDENT AUDITORS' 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***

To the City Council
City of McCall, Idaho
McCall, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General in the United States, the financial statements 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 City of McCall, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of McCall, Idaho's basic financial statements and have issued our report thereon dated.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of McCall, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of McCall, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of City of McCall, 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 the 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 McCall, Idaho's financial statements are free of 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 on noncompliance that are required to be reported under *Government Auditing Standards*.





Purpose of this Report

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

Harris CPAs

Meridian, Idaho
June 30, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council
City of McCall, Idaho
McCall, Idaho

Report on Compliance for Each Major Federal Program

We have audited City of McCall, Idaho's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of McCall, Idaho's major federal programs for the year ended September 30, 2021. City of McCall, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, City of McCall, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.





Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Meridian, Idaho
June 30, 2022

CITY OF MCCALL, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF INTERIOR:			
Pass through from State of Idaho			
Historic Preservation – CLG	15.904	CLG-2020-10	510
Outdoor Recreation Acquisition, Development and Planning	15.916	P19AP00218 / 16-0589	<u>\$ 61,358</u>
Total US Department of Interior			61,868
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass through from State of Idaho			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	SB-2021-EB-00-00	3,251
National Priority Safety Programs	20.616	OP-2021-EA-00-00	<u>656</u>
Total Highway Safety Cluster			3,907
<i>Highway Planning and Construction Cluster:</i>			
Idaho Transportation Investment Program	20.205	A020 (146)	<u>98,263</u>
Total Highway Planning and Construction Cluster			98,263
Direct Program:			
Airport Improvement Program	20.106	N/A	<u>2,549,848</u>
Total US Department of Transportation			2,652,018
U.S. DEPARTMENT OF THE TREASURY:			
CARES Act Funding			
Pass through from State of Idaho Controller's Office			
CARES Act- Broadband & GPSGI	21.019	20-1892-0-1-806	627,069
U.S. DEPARTMENT OF JUSTICE			
Direct Program:			
Bulletproof Vest Partnership Program	16.607		1,593
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass through from State of Idaho			
Idaho Community Development Block Grant	10.351	ICDBG-21-III-16-SR	5,866
NATIONAL ENDOWMENT FOR THE HUMANITIES:			
Pass through from State of Idaho			
CARES Act grant	45.310	LS-246530-OLS-20	1,149
Grants to States	45.129	SO-263500-49	<u>7,427</u>
Total National Endowment for the Humanities			<u>8,576</u>
Total expenditures of federal awards			<u>\$ 3,356,990</u>
See notes to the schedule of expenditures of federal awards			

CITY OF MCCALL, IDAHO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2021

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of McCall, Idaho and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City of McCall, Idaho, it is not intended to and does not present the financial position, changes in net position, or cash flows to the City of McCall, Idaho.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The City of McCall, Idaho has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF MCCALL, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:		Unmodified	
Internal control over financial reporting:			
• Material weakness identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____	no
Noncompliance material to the financial statements noted?	_____ yes	_____ <u>X</u> _____	no

Federal Awards

Internal control over major programs:			
• Material weakness identified?	_____ yes	_____ <u>X</u> _____	no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ <u>X</u> _____ yes	_____ _____	no

Type of auditors' report issued on compliance for major programs:		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?	_____ <u>X</u> _____ yes	_____ _____	no

Identification of major programs:

CFDA Number

20.106

Dollar threshold used to distinguish between type A and type B programs:

Name of Federal Program

Airport Improvement Program

\$ 750,000

Auditee qualified as a low-risk auditee?

_____ yes _____ X _____ no

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings related to the financial statements were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS).

CITY OF MCCALL, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-001 Federal Reporting

Criteria:

During the course of our engagement, it was discovered that the City had not submitted the SF270/271 reports for their AIP projects worked on during the year.

Condition:

An internal control system design must include elements to insure all reports are filed on time as required by grant compliance.

Cause:

The City had staffing changes in Airport manager midyear and did not have a redundancy policy in place to ensure reports were submitted to the proper federal authority.

Effect:

Required reports not being submitted could violate compliance standards and jeopardize future funding grants.

Recommendation:

Management should develop a redundancy process to ensure all required reports are submitted regardless of staffing changes or business disruptions.

Views of Responsible Officials and Corrective Action Plan:

Management agrees with the finding and is working to develop a process to ensure all reports are filed on time.

CITY OF MCCALL, IDAHO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

2020-001 Financial Statement Preparation

Condition:

An internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain closing entries, government-wide reporting conversion entries and footnotes.

Resolution:

Management assisted with the preparation and approved the financial statements in the current year. This was not a finding in the current year.

2020-002 Material Audit Adjustments

Condition:

An internal control system design must include elements to properly reconcile account balances at year-end, post closing entries, and to record items in accordance with generally accepted accounting principles.

Resolution:

Management refined their review process and did not have any material adjustments that were not known at the start of fieldwork. This was not a finding in the current year.

**Exhibit 2 FY2022
Budget**

Account Number	Account Title	2020-21 Prior year Actual	2020-21 Prior year Budget	2021-22 Current year Actual	2021-22 Amended Budget
URBAN RENEWAL AGENCY FUND					
URBAN RENEWAL FUND REVENUE					
90-30-010-100.0	TAX INCREMENT	782,833.42	793,819	28,104.58	28,105
	Total TAX INCREMENT REVENUE:	782,833.42	793,819	28,104.58	28,105
90-30-045-100.0	INTEREST INCOME	2,961.80	8,400	920.73	925
	Total INTEREST REVENUE:	2,961.80	8,400	920.73	925
90-30-050-997.0	APPROPRIATED FUND BALANCE	.00	1,215,162	.00	538,313
	Total APPROPRIATED FUND BALANCE:	.00	1,215,162	.00	538,313
90-30-055-998.0	CARRY FORWARD	.00	.00	.00	.00
	Total CARRY FORWARD REVENUE:	.00	.00	.00	.00
90-30-060-983.0	TRANSFER FROM CAPITAL PRJ.	.00	.00	.00	.00
	Total Source: 060:	.00	.00	.00	.00
90-30-070-900.0	MISCELLANEOUS REVENUE	16,442.52	.00	300.00	300
90-30-070-990.0	CASH OVER\ (SHORT)	.00	.00	.00	.00
	Total OTHER REVENUE:	16,442.52	.00	300.00	300
	Total URBAN RENEWAL FUND REVENUE:	802,237.74	2,017,381	29,325.31	567,643

Account Number	Account Title	2020-21 Prior year Actual	2020-21 Prior year Budget	2021-22 Current year Actual	2021-22 Amended Budget
URBAN RENEWAL AGENCY EXPENSES					
90-40-150-300.0	PROFESSIONAL SERVICES	59,624.67	51,250	7,467.76	5,500
90-40-150-350.0	ENGINEER SERVICES	.00	100,000	.00	.00
90-40-150-410.0	INSURANCE	1,546.00	1,546	.00	.00
90-40-150-657.0	BANK CHARGES	1,989.05	1,625	2,051.31	2,509
Total OPERATING EXPENSE:		63,159.72	154,421	9,519.07	8,009
90-40-200-700.0	DT PUBLIC ART	101,750.00	90,000	5,000.00	5,000
90-40-200-998.0	RESERVED - FUTURE CAPITAL	.00	.00	.00	.00
Total CAPITAL EXPENSE:		101,750.00	90,000	5,000.00	5,000
90-40-250-700.0	GRANT - EDA CONFERENCE CENTER	.00	.00	.00	.00
Total GRANT RELATED EXPENSE:		.00	.00	.00	.00
90-40-350-500.0	REVENUE BOND PRINCIPAL	.00	.00	.00	.00
90-40-350-510.0	REVENUE BOND INTEREST	.00	.00	.00	.00
90-40-350-514.0	REVENUE BOND RESERVE	.00	.00	.00	.00
90-40-350-810.0	US BANK REVENUE BOND PRINCIPAL	.00	.00	.00	.00
90-40-350-811.0	US BANK REVENUE BOND INTEREST	.00	.00	.00	.00
90-40-350-985.0	AMORTIZATION EXPENSE	.00	.00	.00	.00
Total DEBT RELATED EXPENSE:		.00	.00	.00	.00
90-40-600-970.0	DONATED ASSETS - CITY	.00	.00	.00	.00
90-40-600-971.0	FUND TRF-COMMERCIAL WATERFRONT	1,173,932.66	1,772,960	602,455.19	554,634
Total INTER-FUND TRANSFER EXPENSE:		1,173,932.66	1,772,960	602,455.19	554,634
90-40-650-980.0	DEPRECIATION EXPENSE	331,860.00	.00	.00	.00
Total Classification: 650:		331,860.00	.00	.00	.00
Total URBAN RENEWAL AGENCY EXPENSES:		1,670,702.38	2,017,381	616,974.26	567,643
URBAN RENEWAL AGENCY FUND Revenue Total:		802,237.74	2,017,381	29,325.31	567,643
URBAN RENEWAL AGENCY FUND Expenditure Total:		1,670,702.38	2,017,381	616,974.26	567,643
Net Total URBAN RENEWAL AGENCY FUND:		868,464.64-	.00	587,648.95-	.00

Account Number	Account Title	2020-21 Prior year Actual	2020-21 Prior year Budget	2021-22 Current year Actual	2021-22 Amended Budget
DT W URBAN RENEWAL PRJ.					
DT W URBAN RENEWAL PRJ REVENUE					
91-30-010-100.0	TAX INCREMENT	83,835.74	84,664	153,377.15	100,500
	Total TAX INCREMENT REVENUE:	83,835.74	84,664	153,377.15	100,500
91-30-045-100.0	INTEREST INCOME	.00	1,000	208.31	1,000
	Total INTEREST REVENUE:	.00	1,000	208.31	1,000
91-30-050-997.0	APPROPRIATED FUND BALANCE	.00	.00	.00	.00
	Total APPROPRIATED FUND BALANCE:	.00	.00	.00	.00
91-30-070-900.0	MISCELLANEOUS REVENUE	1,753.64	.00	.00	.00
	Total OTHER REVENUE:	1,753.64	.00	.00	.00
	Total DT W URBAN RENEWAL PRJ REVENUE:	85,589.38	85,664	153,585.46	101,500

Account Number	Account Title	2020-21 Prior year Actual	2020-21 Prior year Budget	2021-22 Current year Actual	2021-22 Amended Budget
DT W URBAN RENEWAL PRJ EXPNSES					
91-40-150-300.0	PROFESSIONAL SERVICES	.00	20,000	4,815.00	20,000
91-40-150-400.0	ADVERTISING/LEGAL PUBLICATIONS	.00	.00	1,080.00	.00
91-40-150-410.0	INSURANCE	.00	.00	1,673.00	1,673
91-40-150-657.0	BANK CHARGES	.00	.00	430.05	.00
Total OPERATING EXPENSE:		.00	20,000	7,998.05	21,673
91-40-200-998.0	RESERVED - FUTURE CAPITAL	.00	65,664	.00	79,827
Total CAPITAL EXPENSE:		.00	65,664	.00	79,827
Total DT W URBAN RENEWAL PRJ EXPNSES:		.00	85,664	7,998.05	101,500
DT W URBAN RENEWAL PRJ. Revenue Total:		85,589.38	85,664	153,585.46	101,500
DT W URBAN RENEWAL PRJ. Expenditure Total:		.00	85,664	7,998.05	101,500
Net Total DT W URBAN RENEWAL PRJ.:		85,589.38	.00	145,587.41	.00
Net Grand Totals:		782,875.26-	.00	442,061.54-	.00