

**CITY OF DONNELLY, IDAHO**

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Report on Audited  
Basic  
Financial Statements  
and  
Supplemental Information

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For the Year Ended September 30, 2024

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**ZWYGART JOHN**

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditor's Report**

Honorable Mayor  
and City Council  
Donnelly, Idaho

### **Report on the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Donnelly and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Donnelly's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the City's proportionate share of Net Pension Liability, and the schedule of City contributions on pages 33 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards

generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Donnelly, Idaho's basic financial statements. The supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025, on our consideration of the City of Donnelly, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Donnelly, Idaho's internal control over financial reporting and compliance.

***Zwygart John & Associates, CPAs PLLC***

Nampa, Idaho  
February 11, 2025

**City of Donnelly, Idaho**  
Statement of Net Position  
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 729,330	\$ 96,328	\$ 825,658
Internal Balance	104,854	(104,854)	-
Receivables, Net:			
Property Taxes	4,650	-	4,650
Accounts Receivable	-	26,974	26,974
Intergovernmental	7,186	-	7,186
Noncurrent Assets:			
Restricted Cash	-	106,348	106,348
Capital Assets:			
Land and Nondepreciable Infrastructure	115,595	3,503	119,098
Buildings, Net	379,680	411,983	791,663
Improvements, Net	126,039	1,612,958	1,738,997
Equipment, Net	117,508	144,193	261,701
Total Capital Assets	<u>738,822</u>	<u>2,172,637</u>	<u>2,911,459</u>
Total Assets	<u>1,584,842</u>	<u>2,297,433</u>	<u>3,882,275</u>
<b>Deferred Outflows</b>			
Pension Related Items	20,675	13,783	34,458
Total Deferred Outflows	<u>20,675</u>	<u>13,783</u>	<u>34,458</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	-	336	336
Salaries and Benefits Payable	7,220	5,982	13,202
Security Deposits and Refund Payable	1,650	-	1,650
Accrued Interest	-	4,846	4,846
Long-Term Liabilities:			
Due within One Year:			
Compensated Absences	4,170	2,780	6,950
Lease Liability, Current	14,244	7,670	21,914
Bonds and Notes Payable, Current	-	34,098	34,098
Due in More than One Year:			
Bonds and Notes Payable, Net of Current	-	525,421	525,421
Lease Liability, Net of Current	49,159	26,469	75,628
Net Pension Liability	84,759	56,506	141,265
Total Liabilities	<u>161,202</u>	<u>664,108</u>	<u>825,310</u>
<b>Deferred Inflows</b>			
Pension Related Items	3,473	2,316	5,789
Total Deferred Inflows	<u>3,473</u>	<u>2,316</u>	<u>5,789</u>
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	738,822	1,613,118	2,351,940
Restricted	206,100	106,348	312,448
Unrestricted (Deficit) Surplus	495,920	(74,674)	421,246
Total Net Position	<u>\$ 1,440,842</u>	<u>\$ 1,644,792</u>	<u>\$ 3,085,634</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Statement of Activities  
For the Year Ended September 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
General and Administrative	\$ 291,241	\$ 27,070	\$ 102,397	\$ -	\$ (161,774)	\$ -	\$ (161,774)
Highways and Streets	194,574	-	-	-	(194,574)	-	(194,574)
Parks and Recreation	60,239	-	-	-	(60,239)	-	(60,239)
Depot	6,804	-	-	-	(6,804)	-	(6,804)
Total Governmental Activities	<u>552,858</u>	<u>27,070</u>	<u>102,397</u>	<u>-</u>	<u>(423,391)</u>	<u>-</u>	<u>(423,391)</u>
Business-type Activities:							
Water	321,693	152,097	-	-	-	(169,596)	(169,596)
Sewer	147,368	149,783	-	-	-	2,415	2,415
Total Business-type Activities	<u>469,061</u>	<u>301,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(167,181)</u>	<u>(167,181)</u>
<b>Total Primary Government</b>	<u>\$ 1,021,919</u>	<u>\$ 328,950</u>	<u>\$ 102,397</u>	<u>\$ -</u>	<u>(423,391)</u>	<u>(167,181)</u>	<u>(590,572)</u>
General Revenues:							
Property Taxes					155,766	-	155,766
Local Option Tax					224,442	-	224,442
State Sources					119,325	-	119,325
Other					140,921	-	140,921
Unrestricted Investment Earnings					6,024	12,820	18,844
Total General Revenues and Special Items					<u>646,478</u>	<u>12,820</u>	<u>659,298</u>
Change in Net Position					223,087	(154,361)	68,726
Net Position, Beginning of Year					<u>1,217,755</u>	<u>1,799,153</u>	<u>3,016,908</u>
Net Position, End of Year					<u>\$ 1,440,842</u>	<u>\$ 1,644,792</u>	<u>\$ 3,085,634</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho****Balance Sheet -  
Governmental Funds  
September 30, 2024**

	General	Local Option Tax	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 523,230	\$ 206,100	\$ 729,330
Internal Balance	104,854	-	104,854
Receivables, Net:			
Property Taxes	4,650	-	4,650
Intergovernmental	7,186	-	7,186
Total Assets	<u>\$ 639,920</u>	<u>\$ 206,100</u>	<u>\$ 846,020</u>
<b>Liabilities</b>			
Salaries and Benefits Payable	\$ 7,220	\$ -	\$ 7,220
Security Deposits	1,650	-	1,650
Total Liabilities	<u>8,870</u>	<u>-</u>	<u>8,870</u>
<b>Deferred Inflows</b>			
Unavailable Revenue - Property Taxes	4,353	-	4,353
Total Deferred Inflows	<u>4,353</u>	<u>-</u>	<u>4,353</u>
<b>Fund Balances</b>			
Restricted for:			
Local Option Tax	-	206,100	206,100
Unassigned	626,697	-	626,697
Total Fund Balances	<u>626,697</u>	<u>206,100</u>	<u>832,797</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 639,920</u>	<u>\$ 206,100</u>	<u>\$ 846,020</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Reconciliation of the Balance Sheet of the  
Governmental Funds to the Statement of Net Position  
September 30, 2024

Total Fund Balances - Governmental Funds	\$	832,797
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:

Land	\$	115,595	
Buildings, net of \$483,165 accumulated depreciation		379,680	
Improvements, net of \$49,244 accumulated depreciation		126,039	
Equipment, net of \$122,785 accumulated depreciation		117,508	
			738,822

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are deferred in the funds.		4,353
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Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Compensated Absences	\$	(4,170)	(4,170)
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Long-term liabilities, including municipal leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Changes in long-term liabilities at year-end consist of:

Municipal Lease Payment	\$	(63,403)	(63,403)
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The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$	(84,759)	
Pension Related Deferred Inflows		(3,473)	
Pension Related Deferred Outflows		20,675	
			(67,557)

<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>1,440,842</b>
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The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2024

	General	Local Option Tax	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 153,637	\$ 224,442	\$ 378,079
Licenses and Permits	13,292	-	13,292
Intergovernmental	221,722	-	221,722
Charges for Services	13,778	-	13,778
Other	146,945	-	146,945
Total Revenues	<u>549,374</u>	<u>224,442</u>	<u>773,816</u>
<b>Expenditures</b>			
Current:			
General and Administrative	144,298	176,324	320,622
Public Safety	-	-	-
Roads and Streets	364,229	-	364,229
Parks and Recreation	54,137	-	54,137
Depot Expense	6,804	-	6,804
Total Expenditures	<u>569,468</u>	<u>176,324</u>	<u>745,792</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(20,094)</u>	<u>48,118</u>	<u>28,024</u>
<b>Other Financing Sources (Uses)</b>			
Debt Proceeds	82,193	-	82,193
Transfers In (Out)	96,933	(96,933)	-
Total Other Financing Sources (Uses)	<u>179,126</u>	<u>(96,933)</u>	<u>82,193</u>
<b>Net Change in Fund Balances</b>	159,032	(48,815)	110,217
<b>Fund Balances - Beginning</b>	467,665	254,915	722,580
<b>Fund Balances - Ending</b>	<u>\$ 626,697</u>	<u>\$ 206,100</u>	<u>\$ 832,797</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of the  
Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2024

Total Net Change in Fund Balance - Governmental Funds \$ 110,217

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	\$ 248,383	
Depreciation Expense	<u>(54,508)</u>	
		193,875

Long-term liabilities, including municipal leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Changes in long-term liabilities at year-end consist of:

Issuance of Municipal Lease	\$ (82,193)	
Municipal Lease Payment	<u>18,790</u>	
		(63,403)

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 2,129

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. (580)

The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. (19,151)

**Change in Net Position of Governmental Activities \$ 223,087**

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Statement of Net Position -  
Proprietary Funds  
September 30, 2024

	Water	Sewer	Total
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 96,328	\$ 96,328
Receivables, Net	13,690	13,284	26,974
Right of Use Asset	-	-	-
Noncurrent Assets:			
Restricted Cash	55,923	50,425	106,348
Capital Assets:			
Land and Nondepreciable Infrastructure	3,503	-	3,503
Buildings, Net	411,983	-	411,983
Improvements, Net	1,544,946	68,012	1,612,958
Equipment, Net	135,229	8,964	144,193
Total Assets	<u>2,165,274</u>	<u>237,013</u>	<u>2,402,287</u>
<b>Deferred Outflows</b>			
Pension Related Items	10,337	3,446	13,783
Total Deferred Outflows	<u>10,337</u>	<u>3,446</u>	<u>13,783</u>
<b>Liabilities</b>			
Current Liabilities:			
Internal Balance	104,854	-	104,854
Accounts Payable	312	24	336
Salaries and Benefits Payable	5,698	284	5,982
Accrued Interest	3,760	1,086	4,846
Compensated Absences	2,085	695	2,780
Lease Liability	6,574	1,096	7,670
Current Portion Long-term Debt	21,867	12,231	34,098
Total Current Liabilities	<u>145,150</u>	<u>15,416</u>	<u>160,566</u>
Long-term Liabilities:			
Bonds and Notes Payable	512,798	12,623	525,421
Net Pension Liability	42,380	14,126	56,506
Lease Liability	22,688	3,781	26,469
Total Liabilities	<u>723,016</u>	<u>45,946</u>	<u>768,962</u>
<b>Deferred Inflows</b>			
Pension Related Items	1,737	579	2,316
Total Deferred Inflows	<u>1,737</u>	<u>579</u>	<u>2,316</u>
<b>Net Position</b>			
Invested in Capital Assets,			
Net of Related Debt	1,560,996	52,122	1,613,118
Restricted for Debt Service	55,923	50,425	106,348
Unrestricted	(166,061)	91,387	(74,674)
Total Net Position	<u>\$ 1,450,858</u>	<u>\$ 193,934</u>	<u>\$ 1,644,792</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position - Proprietary Funds  
For the Year Ended September 30, 2024

	Water	Sewer	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 152,097	\$ 149,783	\$ 301,880
Total Operating Revenues	<u>152,097</u>	<u>149,783</u>	<u>301,880</u>
<b>Operating Expenses</b>			
Wages	64,001	4,925	68,926
Payroll Taxes and Benefits	28,442	4,698	33,140
Utilities	8,644	93	8,737
Professional Services	2,340	390	2,730
Maintenance and Operations	98,246	101,871	200,117
Depreciation	108,494	33,746	142,240
Total Operating Expenses	<u>310,167</u>	<u>145,723</u>	<u>455,890</u>
<b>Operating Income (Loss)</b>	<u>(158,070)</u>	<u>4,060</u>	<u>(154,010)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Earned	6,198	6,622	12,820
Interest Expense	(11,526)	(1,645)	(13,171)
Total Nonoperating Revenues (Expenses)	<u>(5,328)</u>	<u>4,977</u>	<u>(351)</u>
<b>Change in Net Position</b>	(163,398)	9,037	(154,361)
<b>Net Position - Beginning</b>	<u>1,614,256</u>	<u>184,897</u>	<u>1,799,153</u>
<b>Net Position - Ending</b>	<u><u>\$ 1,450,858</u></u>	<u><u>\$ 193,934</u></u>	<u><u>\$ 1,644,792</u></u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
**Statement of Cash Flows -**  
**Proprietary Funds**  
**For the Year Ended September 30, 2024**

	Water	Sewer	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 152,808	\$ 150,180	\$ 302,988
Payments to Suppliers	(109,605)	(102,354)	(211,959)
Payments to Employees	(81,736)	(6,307)	(88,043)
Net Cash Provided (Used) by Operating Activities	<u>(38,533)</u>	<u>41,519</u>	<u>2,986</u>
<b>Cash Flows From Financing Activities</b>			
Purchase of Capital Assets	(27,628)	-	(27,628)
Principal Paid on Capital Debt	(29,793)	(13,150)	(42,943)
Interest Paid on Capital Debt	(11,526)	(1,645)	(13,171)
Net Cash Used by Capital and Related Financing Activities	<u>(68,947)</u>	<u>(14,795)</u>	<u>(83,742)</u>
<b>Cash Flows From Investing Activities</b>			
Interest and Dividends	6,198	6,622	12,820
Net Cash Provided (Used) by Investing Activities	<u>6,198</u>	<u>6,622</u>	<u>12,820</u>
Net Change in Cash and Cash Equivalents	(101,282)	33,346	(67,936)
<b>Cash and Cash Equivalents - Beginning</b>	52,351	113,405	165,756
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ (48,931)</u>	<u>\$ 146,751</u>	<u>\$ 97,820</u>
<b>Displayed As:</b>			
Cash and Cash Equivalents	\$ -	\$ 96,328	96,328
Internal Balance	(104,854)	-	(104,854)
Restricted Cash	55,923	50,423	106,346
	<u>\$ (48,931)</u>	<u>\$ 146,751</u>	<u>\$ 97,820</u>
<b>Schedule of Non-Cash Transactions</b>			
Assets Purchased with Debt	<u>\$ 37,935</u>	<u>\$ 6,322</u>	<u>\$ 44,257</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
**Statement of Cash Flows -**  
**Proprietary Funds (continued)**  
For the Year Ended September 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (158,070)	\$ 4,060	\$ (154,010)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	108,494	33,746	142,240
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	711	397	1,108
(Increase) Decrease in Deferred Outflows	4,247	1,415	5,662
Increase (Decrease) in Accounts Payable	(375)	-	(375)
Increase (Decrease) in Salaries and Benefits Payable	840	27	867
Increase (Decrease) in Compensated Absences	290	97	387
Increase (Decrease) in Net Pension Liability	5,941	1,980	7,921
Increase (Decrease) in Deferred Inflows	(611)	(203)	(814)
Net Cash Provided (Used) by Operating Activities	<u>\$ (38,533)</u>	<u>\$ 41,519</u>	<u>\$ 2,986</u>

The accompanying notes are an integral  
part of the financial statements.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Donnelly, Idaho (the City), which has responsibility and control over all activities related to public safety, highways and streets, parks and recreation, planning and zoning, and water and sewer services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each identifiable activity of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses are expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt) and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

The City reports the following major governmental funds:

- *General fund.* This 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.
- *Local Option Tax fund.* This fund was established to account for the revenue and expenditures of the Local Option Tax.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the City and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City has the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the activities of the City's sewage treatment plant and collection systems.

#### Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund financial statements:

- *Nonspendable*. Prepaid items that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned*. Balances available for any purpose.

The remaining fund balance classifications (committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

Cash received by the City is deposited into the various cash and investment accounts for each fund and is presented as "Cash and Cash Equivalents" on the Statement of Net Position and governmental fund Balance Sheet by activity or fund.

For presentation in the financial statements, investments in the investment pool and others with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents.

Property Tax Calendar

The City levies its real property taxes through the county on or before the 2<sup>nd</sup> Monday of September. One-half of the real property taxes are due on or before the 20<sup>th</sup> of December. The remaining one-half of the real property tax is due on or before June 20<sup>th</sup> the following year. Property taxes are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	15 – 47 Years
Equipment and Vehicles	\$5,000	Straight-Line	5 – 15 Years

General infrastructure assets acquired prior to October, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Receivable

The City has created an allowance for doubtful accounts for water and sewer balances deemed uncollectible. The amount in the allowance is currently \$0.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

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.

Use of Estimates

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

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the City's deposits was \$564,554 and the respective bank balances totaled \$686,614 . The entire bank balance was insured or collateralized with pool securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, all of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were not exposed to custodial credit risk. The City does not have a formal policy limiting its exposure to custodial credit risk for deposits. The City had \$250 of cash on hand at the end of the year.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool which is not rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the City's investment in the pool is the same as the value of the pool shares.

The City follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

The City's investments at September 30, 2024, are summarized below:

Investment	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
External Investment Pool	<u>\$ 367,202</u>	<u>\$ 367,202</u>	<u>\$ -</u>

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 731,642	\$ (166,838)	\$ 564,804
Restricted Cash	-	106,348	106,348
Investments categorized as deposits	102,542	158,312	260,854
	<u>\$ 834,184</u>	<u>\$ 97,822</u>	<u>\$ 932,006</u>

### 3. COMPENSATED ABSENCES

The City presently accumulates unused vacation days and sick leave calculated on an individual basis according to an employee's total years worked and total hours-per-week worked. In the event of termination, an employee is reimbursed for accumulated leave.

A summary of the current year activity and year-end liability for the government-wide financial statements is as follows:

	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
Governmental Activities	\$ 3,590	\$ 6,619	\$ (6,039)	\$ 4,170	\$ 4,170
Business-type Activities	2,393	4,413	(4,026)	2,780	2,780
	<u>\$ 5,983</u>	<u>\$ 11,032</u>	<u>\$ (10,065)</u>	<u>\$ 6,950</u>	<u>\$ 6,950</u>

### 4. PROPERTY TAXES

The City receives property tax revenue from Valley County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2024, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the City and are recorded as deferred revenue.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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5. PENSION PLAN

*Plan Description*

The City of Donnelly, Idaho 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](http://www.persi.idaho.gov).

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

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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

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

At September 30, 2024, the City of Donnelly, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Donnelly, Idaho's proportion of the net pension liability was based on the City of Donnelly, Idaho'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, 2024, the City of Donnelly, Idaho's proportion was 0.00377650 percent.

For the year ended September 30, 2024, the City of Donnelly, Idaho recognized pension expense/(revenue) of \$54,613. At September 30, 2024, the City of Donnelly, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 22,491	\$ -
Changes in assumptions or other inputs	5,596	-
Net difference between projected and actual earnings on pension plan investments	-	2,564
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	3,225
City of Donnelly, Idaho's contributions subsequent to the measurement date	6,371	-
<b>Total</b>	<b>\$ 34,458</b>	<b>\$ 5,789</b>

\$6,371 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, 2024.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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

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

<b>For the Year Ended September 30:</b>	<b>PERSI</b>
2025	\$ 10,118
2026	26,339
2027	(4,542)
2028	(3,246)

*Actuarial Assumptions*

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

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

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

*Contributing Members, Service Retirement Members, and Beneficiaries*

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

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability (Asset) as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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 2023.

Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

#### *Discount Rate*

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

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 268,448	\$ 141,265	\$ 37,389

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

**6. RESTRICTED ASSETS**

As of September 30, 2024, \$32,251 was restricted for debt service.

**7. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units (State of Idaho) consist of state revenue sharing of \$7,186.

**8. RISK MANAGEMENT**

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024, was as follows:

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 115,595	\$ -	\$ -	\$ 115,595
Capital Assets Being Depreciated:				
Buildings	795,960	66,885	-	862,845
Improvements	85,978	89,305	-	175,283
Equipment	148,100	92,193	-	240,293
Total Depreciable Assets	<u>1,030,038</u>	<u>248,383</u>	<u>-</u>	<u>1,278,421</u>
Less: Accumulated Depreciation				
Buildings	461,672	21,493	-	483,165
Improvements	37,829	11,415	-	49,244
Equipment	101,185	21,600	-	122,785
Total Acc. Depr.	<u>600,686</u>	<u>54,508</u>	<u>-</u>	<u>655,194</u>
Net Depreciable Assets	<u>429,352</u>	<u>193,875</u>	<u>-</u>	<u>623,227</u>
Governmental Activities				
Capital Assets – Net	<u>\$ 544,947</u>	<u>\$ 193,875</u>	<u>\$ -</u>	<u>\$ 738,822</u>
	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,503	\$ -	\$ -	\$ 3,503
Construction in Progress	-	-	-	-
Total Non Deprec. Asset	<u>3,503</u>	<u>-</u>	<u>-</u>	<u>3,503</u>
Capital Assets Being Depreciated:				
Buildings	578,380	-	-	578,380
Improvements	3,661,528	-	-	3,661,528
Equipment	163,737	72,570	-	236,307
Total Depreciable Assets	<u>4,403,645</u>	<u>72,570</u>	<u>-</u>	<u>4,476,215</u>
Less: Accumulated Depreciation				
Buildings	149,917	16,480	-	166,397
Improvements	1,938,762	109,808	-	2,048,570
Equipment	76,162	15,952	-	92,114
Total Acc. Depr.	<u>2,164,841</u>	<u>142,240</u>	<u>-</u>	<u>2,307,081</u>
Net Depreciable Assets	<u>2,238,804</u>	<u>(69,670)</u>	<u>-</u>	<u>2,169,134</u>
Business-type Activities				
Capital Assets – Net	<u>\$ 2,242,307</u>	<u>\$ (69,670)</u>	<u>\$ -</u>	<u>\$ 2,172,637</u>

**City of Donnelly, Idaho**  
Notes to Financial Statements  
For the Year Ended September 30, 2024

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9. CAPITAL ASSETS (continued)

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

Governmental Activities:	
General and Administrative	\$ 32,704
Highways and Streets	10,902
Parks and Recreation	10,902
	<u>\$ 54,508</u>

Business-Type Activities:	
Water	\$ 108,494
Sewer	33,746
	<u>\$ 142,240</u>

10. LESSOR AGREEMENTS

The City leases business space known as the Donnelly Depot Center to various business owners. All leases at the Donnelly Depot Center are year to year. The city entered in to a lease with Horizon Tower, LLC for a parcel of land for their communication tower beginning in 2019. This lease is for 5 years and will automatically renew for 6 additional 5-year terms, unless agreed upon by tenant and the city per the terms of the contract.

Lease income for the year ended September 30, 2024 was .

Future lease payments expected to be received for years ending:

Future lease payments	
Year Ending	
<u>September 30,</u>	<u>Amount</u>
2025	\$23,400
	<u>\$ 23,400</u>

11. INTERFUND TRANSFERS

Amounts transferred between funds consisted of:

Transfers	
<u>\$ 96,933</u>	Transfer from LOT fund to General Fund
<u>\$ 96,933</u>	

**City of Donnelly, Idaho**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2024**

**12. LONG-TERM OBLIGATIONS**

Business-type Activities:

Bonds and notes payable have been issued to provide funds for water and sewer improvement projects.

Changes in long-term obligations for the year ended September 30, 2024, are as follows:

Description	Maturity	Rate	Required Reserve	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
<u>Governmental Activities:</u>								
2021 Caterpillar	2028	7.17%	N/A	\$ -	\$ 82,193	\$ (18,790)	\$ 63,403	\$ 14,244
				<u>\$ -</u>	<u>\$ 82,193</u>	<u>\$ (18,790)</u>	<u>\$ 63,403</u>	<u>\$ 14,244</u>
<u>Business-Type Activities</u>								
1998 Revenue Bonds	2026	5.00%	\$ 13,012	\$ 35,331	\$ -	\$ (11,246)	\$ 24,085	\$ 11,808
1998 Revenue Bonds	2026	4.50%	13,349	36,558	-	(11,704)	24,854	12,231
2021 Caterpillar	2028	7.17%	N/A	-	44,258	(10,119)	34,139	7,670
USDARD Loan	2060	1.88%	3,927	520,454	-	(9,875)	510,580	10,060
			<u>\$ 30,288</u>	<u>\$ 592,343</u>	<u>\$ 44,258</u>	<u>\$ (42,944)</u>	<u>\$ 593,658</u>	<u>\$ 41,770</u>

Debt service requirements on long-term debt at September 30, 2024, are as follows:

Year Ending September 30,	<u>Business-type Activities</u>		<u>Governmental Activities</u>	
	Principal	Interest	Principal	Interest
2025	\$ 41,770	\$ 14,344	\$ 14,244	\$ 4,547
2026	43,369	12,741	15,265	3,525
2027	19,249	10,502	16,360	2,431
2028	20,077	9,674	17,534	1,257
2029	10,836	8,797	-	-
2030-2034	57,303	40,862	-	-
2035-2039	62,880	35,285	-	-
2040-2044	69,000	29,165	-	-
2045-2049	75,716	22,449	-	-
2050-2054	83,086	15,079	-	-
2055-2059	91,173	6,992	-	-
2060- 2064	19,199	360	-	-
	<u>\$ 593,658</u>	<u>\$ 206,250</u>	<u>\$ 63,403</u>	<u>\$ 11,760</u>

Interest incurred on long-term obligations totaled \$13,171, all of which was expensed. No interest was capitalized during the year.

***REQUIRED SUPPLEMENTARY INFORMATION***

**City of Donnelly, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>Revenues</b>				
Taxes	\$ 157,634	\$ 157,634	\$ 153,637	\$ (3,997)
Licenses and Permits	10,325	10,325	13,292	2,967
Intergovernmental	209,140	209,140	221,722	12,582
Charges for Services	10,950	10,950	13,778	2,828
Other	216,850	216,850	146,945	(69,905)
Total Revenues	604,899	604,899	549,374	(55,525)
<b>Expenditures</b>				
Current:				
General and Administrative	326,370	326,370	144,298	182,072
Public Safety	5,500	5,500	-	5,500
Roads and Streets	336,795	336,795	364,229	(27,434)
Parks and Recreation	96,122	96,122	54,137	41,985
Depot Expense	66,950	66,950	6,804	60,146
Total Expenditures	831,737	831,737	569,468	262,269
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(226,838)	(226,838)	(20,094)	206,744
<b>Net Change in Fund Balances</b>	(226,838)	(226,838)	159,032	385,870
<b>Fund Balances - Beginning</b>	226,838	226,838	467,665	240,827
<b>Fund Balances - Ending</b>	\$ -	\$ -	\$ 626,697	\$ 626,697

**City of Donnelly, Idaho**  
 Budgetary (GAAP Basis) Comparison Schedule  
 Local Option Tax  
 For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>Revenues</b>				
Taxes	\$ 234,000	\$ 234,000	\$ 224,442	\$ (9,558)
Total Revenues	234,000	234,000	224,442	(9,558)
<b>Expenditures</b>				
Current:				
General and Administrative	350,000	350,000	176,324	173,676
Total Expenditures	350,000	350,000	176,324	173,676
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(116,000)	(116,000)	48,118	164,118
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(96,933)	(96,933)
Total Other Financing Sources (Uses)	-	-	(96,933)	(96,933)
<b>Net Change in Fund Balances</b>	(116,000)	(116,000)	(48,815)	67,185
<b>Fund Balances - Beginning</b>	116,000	116,000	254,915	138,915
<b>Fund Balances - Ending</b>	\$ -	\$ -	\$ 206,100	\$ 206,100

**City of Donnelly, Idaho**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2024

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1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

**City of Donnelly**  
Schedules of Required Supplementary Information  
Public Employees Retirement System of Idaho  
Last 10 - Fiscal Years

**Schedule of the City of Donnelly's Share of Net Pension Liability (Asset)**

Year	City's proportion of the net pension liability (asset)	City's proportionate share of the net pension liability (asset)	City's covered-employee payroll	City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.0037765%	\$ 141,265	\$ 198,938	71.01%	85.54%
2023	0.0030437%	121,462	138,059	87.98%	83.83%
2022	0.0033117%	130,439	128,931	101.17%	83.09%
2021	0.0030439%	(2,404)	114,914	-2.09%	100.36%
2020	0.0031437%	73,001	108,827	67.08%	88.22%
2019	0.0045910%	52,405	150,501	34.82%	93.79%
2018	0.0046689%	68,867	147,629	46.65%	91.69%
2017	0.0051699%	81,264	157,940	51.45%	90.68%
2016	0.0048457%	98,230	157,573	62.34%	87.26%
2015	0.0040252%	53,006	111,406	47.58%	91.38%

Data reported is measured as of June 30, 2024

**Schedule of the City of Donnelly's Contributions**

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	City's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	\$ 22,697	\$ 22,697	\$ -	\$ 198,938	11.41%
2023	16,257	16,257	-	138,059	11.78%
2022	15,394	15,394	-	128,931	11.94%
2021	13,721	13,721	-	114,914	11.94%
2020	12,994	12,994	-	108,827	11.94%
2019	17,194	17,194	-	150,501	11.42%
2018	16,728	16,728	-	147,629	11.33%
2017	17,895	17,895	-	157,940	11.33%
2016	17,852	17,852	-	157,573	11.33%
2015	12,623	12,623	-	111,406	11.33%

Data reported is measured as of September 30, 2024

**SUPPLEMENTAL INFORMATION**

**City of Donnelly, Idaho**  
Supplemental Schedule of Revenues by Source -  
Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended September 30, 2024

	Budget	Actual	Variance
<b>Taxes</b>			
Property Taxes	\$ 149,134	\$ 145,693	\$ (3,441)
Franchise Fees	8,500	7,944	(556)
Total Taxes	157,634	153,637	(3,997)
<b>Licenses &amp; Permits</b>			
Licenses & Permits	750	2,250	1,500
Business License	1,725	1,950	225
Alcohol Permits	1,500	2,125	625
Catering Permits	50	-	(50)
Community Center Rental	500	1,085	585
Building Permits	4,750	5,462	712
Dog Licenses	100	35	(65)
Sign Permits	950	385	(565)
Total Licenses and Permits	10,325	13,292	2,967
<b>Intergovernmental</b>			
Grant Revenue	100,000	102,397	2,397
State Revenue Sharing	30,598	27,644	(2,954)
County Revenue Sharing	2,276	-	(2,276)
State Highway Users	19,971	26,501	6,530
State Liquor Fees	55,395	64,092	8,697
Airport Revenue	900	1,088	188
Total Intergovernmental	209,140	221,722	12,582
<b>Charges for Services</b>			
Development Fees	-	-	-
Parks and Rec Fees	10,950	13,778	2,828
Total Other	10,950	13,778	2,828
<b>Other</b>			
Interest Income	900	6,024	5,124
Depot Rental	44,450	49,300	4,850
Land Lease	10,750	10,500	(250)
Miscellaneous	160,750	81,121	(79,629)
Total Other	216,850	146,945	(69,905)
Total Revenue	\$ 604,899	\$ 549,374	\$ (55,525)

**City of Donnelly, Idaho**

Supplemental Schedule of Expenditures by Object of Expenditure -  
Budget (GAAP Basis) and Actual - General Fund  
For the Year Ended September 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General and Administrative</b>			
Personnel	\$ 113,050	\$ 68,254	\$ 44,796
Administration	213,320	76,044	137,276
Total General and Administrative	<u>326,370</u>	<u>144,298</u>	<u>182,072</u>
<b>Public Safety</b>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
<b>Roads and Streets</b>	<u>336,795</u>	<u>364,229</u>	<u>(27,434)</u>
<b>Parks and Recreation</b>	<u>96,122</u>	<u>54,137</u>	<u>41,985</u>
<b>Depot Expenses</b>	<u>66,950</u>	<u>6,804</u>	<u>60,146</u>
Total Expenditures	<u><u>\$ 831,737</u></u>	<u><u>\$ 569,468</u></u>	<u><u>\$ 262,269</u></u>

**FEDERAL REPORTS**



**ZWYGART JOHN**

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Honorable Mayor  
and City Council  
Donnelly, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Donnelly, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Donnelly, Idaho's basic financial statements and have issued our report thereon dated February 11, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Donnelly, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Donnelly, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Donnelly, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

### **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.

*Zwygart John & Associates, CPAs PLLC*

Nampa, Idaho

February 11, 2025