



## City of Ketchum

December 20, 2021

Mayor Bradshaw and City Councilors  
City of Ketchum  
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

### **Recommendation to Receive and File the Audited FY 21 Financial Statements**

#### Recommendation and Summary

Staff is recommending the council receive and file the audited FY 21 financial statements in accordance with statutory requirements and adopt the following motion:

***"I move to receive and file the audited FY 21 financial statements."***

The reasons for the recommendation are as follows:

- Section 50-1010 of the State statutes establishes requirements for audited financial statements.

#### Introduction and History

Idaho State Statute 50-1010 provides that "It shall be the duty of the council in every city to cause to be made a full and complete audit of the financial statements of such city."

#### Analysis

Workman & Company has completed the audit for FY 21 and will be presenting it to the City Council for adoption. In FY 21 the ending Fund Balance of the General Fund is \$4,724,539 (see page 15 of the financial statements).

#### Financial Impact

Consistent with statutory requirements, funding for this expense was included in the FY 21 budget.

#### Attachments

- Attachment A: Audited FY 21 financial statements.

# WORKMAN & COMPANY

Office of  
Accounting

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

November 12, 2021

To the City Council  
City of Ketchum, Idaho

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2021. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Ketchum, Idaho, are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City of Ketchum, Idaho during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City of Ketchum, Idaho's financial statements was:

Management's estimate of the useful lives of fixed assets is based on historical data. We evaluated the key factors and assumptions used to develop the useful lives of fixed assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Employees' Retirement System in Note 9 to the financial statements is based on information provided by Idaho's Public Employees Retirement System (PERSI) and is relied upon in these financial statements.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 12, 2021.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Ketchum, Idaho's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to Management's Discussion and Analysis (MD&A) and Budgetary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedules of bond future principle and interest, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Ketchum, Idaho and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

***Workman & Company***

WORKMAN AND COMPANY  
Certified Public Accountants  
Twin Falls, Idaho



City of Ketchum  
City Hall

November 12, 2021

Workman and Company  
Certified Public Accountants  
2190 Village Park Ave., Suite 300  
Twin Falls, Idaho 83301

This representation letter is provided in connection with your audit of the financial statements of the City of Ketchum, Idaho, which comprise the respective financial position of the governmental activities, the business-type activities and each major fund as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 12, 2021, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 28, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures, if any, have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list, if any, of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

- 10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

### **Information Provided**

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the City and involves—
- Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

### **Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have reviewed, approved and accepted responsibility for your proposed adjustments to our general ledger account balances.
- 28) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations if any.
- 31) The financial statements properly classify all funds and activities in accordance with [GASB Statement No. 34](#).
- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 42) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not

changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

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Certified Public Accountants  
Twin Falls, Idaho



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City Hall

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- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
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- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

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### **Information Provided**

- 11) We have provided you with:
- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the City and involves—
- Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

### **Government-specific**

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We have reviewed, approved and accepted responsibility for your proposed adjustments to our general ledger account balances.
- 28) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations if any.
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- 32) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
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- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
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- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
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- 41) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach.
- 42) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 43) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 44) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not

changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY OF KETCHUM, IDAHO**

**Financial Statements**

**Year Ended September 30, 2021**

**CITY OF KETCHUM, IDAHO**  
**Financial Statements**  
**For the year ended September 30, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

November 12, 2021

To the City Council  
City of Ketchum, Idaho

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

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



## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required supplemental information on public employee pensions on pages 3–11 and 36–40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information on pages 42–48 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the supplementary information along with the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the City of Ketchum, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Ketchum, Idaho's internal control over financial reporting and compliance.

***Workman & Company***

WORKMAN AND COMPANY  
Certified Public Accountants  
Twin Falls, Idaho



## **CITY OF KETCHUM, IDAHO**

### **Management's Discussion and Analysis**

November 12, 2021

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

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

#### **FINANCIAL HIGHLIGHTS**

- The total of all fund assets of the City of Ketchum exceeded liabilities at the close of the most recent fiscal year by \$ 45,839,167. Of that amount, \$ 13,693,410 (unrestricted net position) may be used to meet future obligations and programs.
- The Local Option Tax (LOT) receipts increased \$ 1,445,416 from the previous year. This increase is due in part to the partial economic rebound from the Corona Virus in the current year. This Special Revenue Fund received an amount of, \$6,171,799 in the current year.
- Governmental Fund Revenues were \$ 20,427,049 and expenditures were \$26,552,225. This increase in expenditures was mostly due to the use of Fire GO bond funds to construct the new fire facilities.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

##### **Fund Financial Statements**

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

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

Continued...

**Table 1: Major Features of the Basic Financial Statements**

	Government-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government and the City's component unit.	Activities of the City that are not proprietary.	Activities of the City that are operated similar to private businesses
Required financial statements	<ul style="list-style-type: none"> <li>* Statement of net position</li> <li>* Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>* Balance sheet</li> <li>* Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>* Statement of net position</li> <li>* Statement of revenues, expenses, and changes in net position</li> <li>* Statement of cash flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	<ul style="list-style-type: none"> <li>* Revenues for which cash is received during or soon after the end of the year</li> <li>* Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	All revenues and expenses during the year, regardless of when cash is received or paid

**Notes to the Financial Statements**

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

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

**CONDENSED FINANCIAL INFORMATION**

**Condensed Statement of Net Position**

The largest component (\$ 45,839,167) of the City's net position (60.9%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, this net position amount is not eligible for future spending. Restricted net position totals \$ 4,188,860. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, debt service requirements, or enabling

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

Continued...

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

Table 2 below presents the City's condensed statement of net position as of September 30, 2021, derived from the government-wide Statement of Net Position.

<b>Table 2: Condensed Statement of Net Position</b> <b>As of September 30, 2021</b>				
	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit - Urban Renewal Agency
Current and other assets	\$ 14,041,755	\$ 5,601,227	\$ 19,642,982	\$ 2,602,753
Capital assets	31,547,577	12,661,603	44,209,180	5,122,402
Total Assets	45,589,332	18,262,830	63,852,162	7,725,155
Deferred Outflows	645,917	246,156	892,073	
Current Liabilities	500,228	404,098	904,326	445,623
Long-term liabilities	11,976,887	3,978,428	15,955,315	3,970,899
Total Liabilities	12,477,115	4,382,526	16,859,641	4,416,522
Deferred Inflows	1,481,013	564,414	2,045,427	
Net assets:				
Invested in capital assets				
net of related debt	19,570,451	8,386,446	27,956,897	0
Restricted	3,976,860	212,000	4,188,860	1,261,687
Unrestricted	8,729,810	4,963,600	13,693,410	2,046,946
Total Net Position	\$ 32,277,121	\$ 13,562,046	\$ 45,839,167	\$ 3,308,633

**Condensed Statement of Activities**

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2021, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$ 4,829,533 or 10.7% percent, the net position of the business-type activities increased by \$ 1,614,234 or 13.5%, and the net position of the City's Component Unit (Urban Renewal Agency) increased \$ 1,175,158 or 74.4%.

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

Continued...

**Table 3: Condensed Statement of Activities**  
**As of September 30, 2021**

	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit Urban Renewal Agency
<b>Revenue:</b>				
Program revenues				
Charges for services	\$ 4,289,656	\$ 5,335,333	\$ 9,624,989	\$ 49,005
Capital grants /contributions	1,301,260		1,301,260	
Total program revenues	5,590,916	5,335,333	10,926,249	49,005
General revenues				
Taxes	11,434,101		11,434,101	1,870,688
Franchise, licenses, permits	1,406,928		1,406,928	
State shared revenues	1,701,999		1,701,999	
Interest	60,427	12,163	72,590	5,369
Gain (Loss) on sale of assets	0		0	
Other revenues (Losses)	661,793	37,698	699,491	62,016
Total general revenues	15,265,248	49,861	15,315,109	1,938,073
Total revenues	20,856,164	5,385,194	26,241,358	1,987,078
<b>Program expenses:</b>				
General government	5,339,107		5,339,107	514,364
Public safety	4,010,006		4,010,006	
Streets	1,980,025		1,980,025	
Parks and recreation	469,462		469,462	
Transportation	3,641,553		3,641,553	
Affordable Housing	75,000		75,000	
Wastewater		2,010,452	2,010,452	
Water		1,576,669	1,576,669	
Interest, long-term debt	511,478	183,839	695,317	297,656
Total program expenses	16,026,631	3,770,960	19,797,591	812,020
<b>Change in net position</b>	4,829,533	1,614,234	6,443,767	1,175,058
Beginning net position	27,447,588	11,947,812	39,395,400	2,133,575
Ending net position	\$ 32,277,121	\$ 13,562,046	\$ 45,839,167	\$ 3,308,633

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

Continued...

Program Expenses and Revenues for Governmental Activities

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

**Table 4: Program Expenses and Revenues  
for Government Activities  
For the Fiscal Year Ended September 30, 2021**

	Program Expenses	Program Revenues	Net Expense (Revenues) (a)
General government	\$ 5,339,107	\$ 3,395,588	\$ (1,943,519)
Public safety	4,010,006	228,924	(3,781,082)
Streets	1,980,025		(1,980,025)
Parks and Recreation	469,462	94,570	(374,892)
Transportation	3,641,553		(3,641,553)
Affordable Housing	75,000	570,574	495,574
Interest on long-term debt	511,478		(511,478)
Totals	\$ <u>16,026,631</u>	\$ <u>4,289,656</u>	\$ <u>(11,736,975)</u>

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

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues  
for Business-type Activities  
For the Fiscal Year Ended September 30, 2021**

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues)
Wastewater	\$ 2,010,452	\$ 2,927,808	\$ 917,356
Water	1,576,669	2,407,525	830,856
Interest on long-term debt	183,839		(183,839)
Totals	\$ <u>3,770,960</u>	\$ <u>5,335,333</u>	\$ <u>1,564,373</u>

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

Continued...

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

**BUDGET VARIANCES IN THE GENERAL FUND**

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

**Table 6: Analysis of Significant Budget Variances  
for Major Governmental Funds  
For the Fiscal Year Ended September 30, 2021**

	Final Budget	Actual	Variances
Revenues:			
Taxes (including penalties/interest)	\$ 9,943,218	\$ 10,822,280	\$ 879,062
Franchises, licenses, permits	986,227	1,125,492	139,265
State of Idaho	1,731,233	1,821,801	90,568
Fees, Charges for Services	3,193,413	3,850,701	657,288
Other	568,936	568,255	(681)
Totals	<u>16,423,027</u>	<u>18,188,529</u>	<u>1,765,502</u>
Expenditures:			
General Government	4,447,599	4,285,753	161,846
Public Safety	3,927,174	3,889,661	37,513
Streets	2,028,382	1,813,364	215,018
Capital Outlay	11,675,000	9,054,420	2,620,580
Parks and Recreation	582,382	499,352	83,030
Transportation	3,641,553	3,641,553	0
Affordable Housing	75,000	75,000	0
Debt Service			
Totals	<u>26,377,090</u>	<u>23,259,103</u>	<u>3,117,987</u>
Excess (Deficiency)	\$ <u>(9,954,063)</u>	\$ <u>(5,070,574)</u>	\$ <u>4,883,489</u>

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

Continued...

**Table 7: Comparison of Statement of Net Position  
As of September 30, 2021 and 2020**

	2021	2020	Percentage Change
Current Assets	\$ 19,642,982	\$ 24,379,847	-19.4294%
Capital Assets	<u>44,209,180</u>	<u>34,239,975</u>	<u>29.1157%</u>
Total Assets	<u>63,852,162</u>	<u>58,619,822</u>	<u>8.9259%</u>
Deferred Outflow of Resources	<u>892,073</u>	<u>405,979</u>	<u>119.7338%</u>
Current Liabilities	904,326	908,115	-0.4172%
Long Term Liabilities	<u>15,955,315</u>	<u>18,659,059</u>	<u>-14.4902%</u>
Total Liabilities	<u>16,859,641</u>	<u>19,567,174</u>	<u>-13.8371%</u>
Deferred Inflow of Resources	<u>2,045,427</u>	<u>63,227</u>	<u>3135.0531 %</u>
Net Position:			
Invested in Capital Assets net of related debt	27,956,897	17,248,547	62.0826%
Restricted	4,188,860	12,677,901	-66.9594%
Unrestricted	<u>13,693,410</u>	<u>9,468,952</u>	<u>44.6138%</u>
Total Net Position	\$ <u>45,839,167</u>	\$ <u>39,395,400</u>	<u>16.3566%</u>

**OVERALL ANALYSIS**

Financial highlights for the City as a whole during the fiscal year ended September 30, 2021 show the assets of the City exceeded its liabilities (net position) at the close to the fiscal year by \$45,839,167 (for governmental activities \$32,277,121, for the business-type activities \$13,562,046). Additionally, the City's total net position increased during the year by \$6,443,767. The net position of the governmental activities increased by \$ 4,829,533, while the net position of the business-type activities increased by \$ 1,614,234.



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

Continued...

**Table 8: Changes in Fixed Assets  
for All Funds  
For the Fiscal Year Ended September 30, 2021**

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Infrastructure	\$ 11,859,002			\$ 11,859,002
Buildings and Improvements	35,573,988	574,313		36,148,301
Vehicles and Equipment	8,940,075	565,854		9,505,929
Construction in Progress	2,370,803	10,670,545	(574,313)	12,467,035
<b>Totals</b>	<u>58,743,868</u>	<u>11,810,712</u>	<u>(574,313)</u>	<u>69,980,267</u>
Accumulated Depreciation	<u>(24,503,893)</u>	<u>(1,267,194)</u>	<u>0</u>	<u>(25,771,087)</u>
<b>Net Book Value</b>	<b>\$ <u>34,239,975</u></b>			<b>\$ <u>44,209,180</u></b>

**CAPITAL ASSET AND LONG-TERM, ACTIVITY**

Capital Asset Activity

At September 30, 2021, the City reported \$31,547,577 in capital assets for governmental activities and \$12,661,603 in capital assets for business-type activities.

Long-term Debt Activity

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

**FUNDS ANALYSIS**

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

Governmental funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$ 13,913,304. The fund balance decreased \$ 6,125,176 during the fiscal year. The decrease is the result of \$20,427,049 of revenues reduced by \$26,552,225 of expenditures. The decrease in fund balance follows a fund balance increase of \$11,200,347 in FY2020, and results in large part from construction of the City's new fire facility. The City's management and Council continue to expend resources under approved budgets and strive to strengthen the City's financial position during uncertain economic times. This ongoing accomplishment is due to the commitment and determination of the City Council and staff to make prudent financial decisions while also seeking to preserve levels of service to the community by continually pursuing and implementing cost savings and efficiencies in operations.

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

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

Continued...

**Table 9: Analysis of Fund Balances  
for All Funds  
For the Fiscal Year Ended September 30, 2021**

	<u>Investment in Capital Assets</u>	<u>Restricted or Assigned</u>	<u>Unassigned</u>	<u>Total Balance</u>
General Fund	\$		\$ 4,724,539	\$ 4,724,539
City Sales Tax Fund		1,776,365		1,776,365
In-Lieu Housing Fund		2,848,406		2,848,406
Capital Improvement Funds		3,457,911		3,457,911
Fire Construction Fund		768,723		768,723
GO Bond Debt Fund		(12,276)		(12,276)
Wagon Days Fund		39,999		39,999
Police Trust Fund		101,907		101,907
Community Development Trust Fund		0		0
Park Trust Fund		207,730		207,730
Water	1,897,397	0	2,656,480	4,553,877
Wastewater	6,489,049	212,000	2,307,120	9,008,169

**REQUESTS FOR INFORMATION**

Requests for information regarding City finances should be directed to:

Shellie Rubel, City Treasurer  
City of Ketchum, Idaho  
P.O. Box 2315  
Ketchum, Idaho, 83340  
Telephone: (208) 726-3841

**ACKNOWLEDGMENTS**

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

Respectfully submitted,

Jade Riley  
CITY ADMINISTRATOR

**CITY OF KETCHUM, IDAHO**  
**Statement of Net Position**  
**at September 30, 2021**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit Urban Renewal Agency</u>
<b><u>ASSETS</u></b>				
Cash and Deposits	\$ 9,319,879	\$ 5,264,750	\$ 14,584,629	\$ 2,586,738
Accounts Receivable & Prepaid Expenses		51,938	51,938	
Taxes Receivable	330,878		330,878	16,015
Due From Other Governments	414,138	72,539	486,677	
Restricted Cash	3,976,860	212,000	4,188,860	
Other Assets			0	
<b>Totals</b>	<u>14,041,755</u>	<u>5,601,227</u>	<u>19,642,982</u>	<u>2,602,753</u>
Capital Assets:				
Land	8,809,038	15,380	8,824,418	4,768,746
Construction in Progress	12,129,917	337,118	12,467,035	
Infrastructure	3,034,584		3,034,584	397,136
Buildings and Improvements	9,785,787	26,362,514	36,148,301	
Equipment and Vehicles	8,569,319	936,610	9,505,929	
Accumulated Deprecation	(10,781,068)	(14,990,019)	(25,771,087)	(43,480)
<b>Total Capital Assets</b>	<u>31,547,577</u>	<u>12,661,603</u>	<u>44,209,180</u>	<u>5,122,402</u>
<b>Total Assets</b>	<u>45,589,332</u>	<u>18,262,830</u>	<u>63,852,162</u>	<u>7,725,155</u>
Net Pension Asset & Deferred Outflows of Resources:				
Net Pension Asset	46,296	17,640	63,936	
Deferred Outflows from Pension Activity	599,621	228,516	828,137	0
<b><u>LIABILITIES</u></b>				
Accounts and Interest Payable	154,422	7,098	161,520	3,209
Due To Other Funds				
Long-term Liabilities:				
Portion due or payable within one year:				
Lease and Bonds Payable	345,806	397,000	742,806	442,414
Portion due or payable after one year:				
Lease and Bonds Payable	11,009,724	3,660,000	14,669,724	4,009,726
Unamortized Bond Discount		(21,962)	(21,962)	(38,827)
Unamortized Bond Premium	621,596	240,119	861,715	
Compensated Absences	345,567	100,271	445,838	
<b>Total Liabilities</b>	<u>12,477,115</u>	<u>4,382,526</u>	<u>16,859,641</u>	<u>4,416,522</u>
Deferred Inflows of Resources:				
Deferred Inflows from Pension Activities	1,481,013	564,414	2,045,427	0
<b><u>NET POSITION</u></b>				
Invested in Capital Assets - net of related debt	19,570,451	8,386,446	27,956,897	0
Restricted For:				
Debt Service		212,000	212,000	0
Other Purposes	3,976,860		3,976,860	1,261,687
Unrestricted	8,729,810	4,963,600	13,693,410	2,046,946
<b>Total Net Position</b>	<u>\$ 32,277,121</u>	<u>\$ 13,562,046</u>	<u>\$ 45,839,167</u>	<u>\$ 3,308,633</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Activities**  
**For the Year Ended September 30, 2021**

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			Component Unit - Urban Renewal Agency
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
<b>Governmental:</b>							
General Government	\$ 5,339,107	\$ 3,395,588	\$ 1,283,075	\$ (660,444)		\$ (660,444)	\$ 49,005
Public Protection:							
Public Safety	4,010,006	228,924		(3,781,082)		(3,781,082)	
Streets	1,980,025			(1,980,025)		(1,980,025)	
Parks and Recreation	469,462	94,570	18,185	(356,707)		(356,707)	
Transportation	3,641,553			(3,641,553)		(3,641,553)	
Affordable Housing	75,000	570,574		495,574		495,574	
Interest - on long-term debt	511,478			(511,478)		(511,478)	
Total Governmental Activities	<u>16,026,631</u>	<u>4,289,656</u>	<u>1,301,260</u>	<u>(10,435,715)</u>		<u>(10,435,715)</u>	
<b>Business Type:</b>							
Water	1,576,669	2,407,525			\$ 830,856	830,856	
Wastewater	2,010,452	2,927,808			917,356	917,356	
Interest - on long-term debt	183,839				(183,839)	(183,839)	
Total Business-type Activities	<u>3,770,960</u>	<u>5,335,333</u>	<u>0</u>		<u>1,564,373</u>	<u>1,564,373</u>	
Total City of Ketchum, Idaho	<u>\$ 19,797,591</u>	<u>\$ 9,624,989</u>	<u>\$ 1,301,260</u>	<u>(10,435,715)</u>	<u>1,564,373</u>	<u>(8,871,342)</u>	
Component Units:							
Urban Renewal Agency	<u>\$ 812,020</u>						<u>(812,020)</u>
Total							<u>(763,015)</u>
General Revenues:							
Property taxes				5,244,169		5,244,169	1,867,347
Local Option sales taxes				6,171,799		6,171,799	
Franchises, licenses, permits				1,406,928		1,406,928	
State of Idaho revenue sharing				1,100,667		1,100,667	
State of Idaho liquor receipts				428,870		428,870	
State highway user collections				172,462		172,462	
Penalty and interest on property taxes				18,133		18,133	3,341
County court and parking fines				104,091		104,091	
Gain (Loss) from Sale of Assets						0	
Earnings on investments				60,427	12,163	72,590	5,369
Miscellaneous				128,587		128,587	62,016
Amortization of Bond Premium				8,404	16,037	24,441	
Amortization of Bond Discount					2,119	2,119	
Gain (Loss) from Pension Activity				420,711	19,542	440,253	
Total general revenues and transfers				<u>15,265,248</u>	<u>49,861</u>	<u>15,315,109</u>	<u>1,938,073</u>
Changes in net position				4,829,533	1,614,234	6,443,767	1,175,058
Net Position - Beginning				<u>27,447,588</u>	<u>11,947,812</u>	<u>39,395,400</u>	<u>2,133,575</u>
Net Position - Ending				<u>\$ 32,277,121</u>	<u>\$ 13,562,046</u>	<u>\$ 45,839,167</u>	<u>\$ 3,308,633</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**at September 30, 2021**

	<u>General Fund</u>	<u>City Sales Tax Fund</u>	<u>In-Lieu Housing Fund</u>	<u>Fire Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Cash and Cash Deposits	\$ 4,347,048	\$ 1,487,195	\$ 2,848,406	\$ 772,062	\$ 3,842,028	\$ 13,296,739
Taxes Receivable	41,708	289,170				330,878
Due From Other Governments	414,138					414,138
Total Assets	<u>\$ 4,802,894</u>	<u>\$ 1,776,365</u>	<u>\$ 2,848,406</u>	<u>\$ 772,062</u>	<u>\$ 3,842,028</u>	<u>\$ 14,041,755</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 78,355	\$	\$	\$ 3,339	\$	\$ 81,694
Funds Held in Trust					46,757	46,757
Due To Other Funds						0
Total Liabilities	<u>78,355</u>	<u>0</u>	<u>0</u>	<u>3,339</u>	<u>46,757</u>	<u>128,451</u>
<b>FUND BALANCE:</b>						
Non-spendable						0
Restricted				768,723	309,637	1,078,360
Committed						0
Assigned		1,776,365	2,848,406		3,485,634	8,110,405
Unassigned	<u>4,724,539</u>					<u>4,724,539</u>
Total Fund Balance	<u>4,724,539</u>	<u>1,776,365</u>	<u>2,848,406</u>	<u>768,723</u>	<u>3,795,271</u>	<u>\$ 13,913,304</u>
Total Liabilities and Fund Balance	<u>\$ 4,802,894</u>	<u>\$ 1,776,365</u>	<u>\$ 2,848,406</u>	<u>\$ 772,062</u>	<u>\$ 3,842,028</u>	

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

Governmental fund capital assets are not financial resources and therefore are not reported in the funds.	
The cost of assets is \$ 42,328,645 and the accumulated depreciation is \$ 10,781,068	31,547,577
Long-term liabilities, including bonds/leases payable, net pension liability, and compensated absences are not payable in the current period and therefore are not reported in the governmental funds	
	(13,183,760)
Net Position of Governmental Activities	<u>\$ 32,277,121</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**for the year ended September 30, 2021**

	General Fund	City Sales Tax Fund	In-Lieu Housing Fund	Fire Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE:</b>						
Property taxes	\$ 4,614,433	\$	\$	\$ 36,048	\$ 593,688	\$ 5,244,169
Local Option sales taxes		6,171,799				6,171,799
Franchises, licenses, permits	1,125,492				281,436	1,406,928
State of Idaho shared revenue	1,100,667					1,100,667
State of Idaho sales tax	0					0
State of Idaho liquor receipts	428,870					428,870
State highway user collections	172,462					172,462
Penalty/Interest on property taxes	15,711				2,422	18,133
County court and parking fines	104,091					104,091
Proceeds from sale of assets						0
Fees and charges for services	3,280,127		570,574		438,955	4,289,656
Grants, contributions, bond proceeds	418,484				882,776	1,301,260
Earnings on investments	19,516	350	7,379	25,710	7,482	60,437
Miscellaneous and Reimbursements	96,816				31,761	128,577
Total Revenue	11,376,669	6,172,149	577,953	61,758	2,238,520	20,427,049
<b>EXPENDITURES:</b>						
General Government	4,248,975	36,778			229,921	4,515,674
Public Safety	3,732,811	156,850				3,889,661
Streets	1,813,364					1,813,364
Capital outlay				9,054,420	2,270,392	11,324,812
Parks and Recreation	499,352				31,295	530,647
Transportation		3,641,553				3,641,553
Affordable Housing			75,000			75,000
Debt Service					761,514	761,514
Total Expenditures	10,294,502	3,835,181	75,000	9,054,420	3,293,122	26,552,225
<b>EXCESS REVENUE (EXPENDITURES)</b>	1,082,167	2,336,968	502,953	(8,992,662)	(1,054,602)	(6,125,176)
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers from other funds	1,309,465				3,342,072	4,651,537
Operating transfers (to) other funds	(2,021,499)	(1,434,465)			(1,195,573)	(4,651,537)
<b>NET CHANGE IN FUND BALANCES</b>	370,133	902,503	502,953	(8,992,662)	1,091,897	(6,125,176)
<b>FUND BALANCE - BEGINNING</b>	4,354,406	873,862	2,345,453	9,761,385	2,703,374	20,038,480
<b>FUND BALANCE - ENDING</b>	\$ 4,724,539	\$ 1,776,365	\$ 2,848,406	\$ 768,723	\$ 3,795,271	\$ 13,913,304

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**for the year ended September 30, 2021**

Net Change in Fund Balance - Total Governmental Funds (Page 15)	\$ (6,125,176)
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(669,753)
This is the amount of new Governmental Fund assets.	10,855,349
This is the amount of disposed of Governmental Fund assets.	0
<p>Long term liabilities are not recorded in the Governmental funds.</p>	
This is the amount of new debt	0
This is the amount of payments on General Obligation Bonds Payable	288,000
This is the amount of changes in net pension liabilities	467,701
<p>Liability for personal leave days are not recorded in Governmental funds.</p>	
This is the decrease in compensated leave during the year.	<u>13,412</u>
Change in Net Assets of Governmental Activities (Page 13)	<u>\$ 4,829,533</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Net Position**  
**Proprietary Funds**  
**at September 30, 2021**

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>Assets:</b>			
Current Assets:			
Cash and Deposits	\$ 2,806,721	\$ 2,458,029	\$ 5,264,750
Accts receivable - customers	30,899	21,039	51,938
Accts receivable - other govts.	<u>72,539</u>	<u>72,539</u>	<u>72,539</u>
	2,837,620	2,551,607	5,389,227
<b>Restricted Current Assets:</b>			
Cash and Deposits	<u>212,000</u>	<u>212,000</u>	<u>212,000</u>
Total Current Assets	<u>2,837,620</u>	<u>2,763,607</u>	<u>5,601,227</u>
<b>Capital Assets:</b>			
Plant and equipment	13,122,281	14,529,341	27,651,622
Accumulated depreciation	<u>(7,951,536)</u>	<u>(7,038,483)</u>	<u>(14,990,019)</u>
Net Plant and equipment	<u>5,170,745</u>	<u>7,490,858</u>	<u>12,661,603</u>
<b>Total Assets</b>	<u>8,008,365</u>	<u>10,254,465</u>	<u>18,262,830</u>
<b>Net Pension Asset &amp; Deferred Outflow of Resources:</b>			
Net Pension Asset	6,893	10,747	17,640
Deferred Outflows from Pension Activity	<u>89,307</u>	<u>139,209</u>	<u>228,516</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts and Interest Payable	5,192	1,906	7,098
Current portion long-term debt	<u>182,000</u>	<u>215,000</u>	<u>397,000</u>
Total current liabilities	<u>187,192</u>	<u>216,906</u>	<u>404,098</u>
<b>Noncurrent Liabilities:</b>			
Bonds Payable	2,960,000	700,000	3,660,000
Unamortized Bond Discount	(21,962)		(21,962)
Unamortized Bond Premium	153,310	86,809	240,119
Compensated Absences Payable	<u>51,567</u>	<u>48,704</u>	<u>100,271</u>
Total noncurrent liabilities	<u>3,142,915</u>	<u>835,513</u>	<u>3,978,428</u>
<b>Total Liabilities</b>	<u>3,330,107</u>	<u>1,052,419</u>	<u>4,382,526</u>
<b>Deferred Inflow of Resources:</b>			
Deferred Inflows from Pension Activity	<u>220,581</u>	<u>343,833</u>	<u>564,414</u>
<b>Net Position:</b>			
Investment in capital assets			
net of related debt	1,897,397	6,489,049	8,386,446
Restricted	0	212,000	212,000
Unrestricted	<u>2,656,480</u>	<u>2,307,120</u>	<u>4,963,600</u>
<b>Total Net Position</b>	<u>\$ 4,553,877</u>	<u>\$ 9,008,169</u>	<u>\$ 13,562,046</u>

The accompanying notes are a part of these financial statements.



**CITY OF KETCHUM, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**for the year ended September 30, 2021**

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 2,247,669	\$ 2,838,230	\$ 5,085,899
Hookups, connections, impact fees	157,880	89,578	247,458
Reimbursements and Misc.	<u>1,976</u>	<u></u>	<u>1,976</u>
Total Operating Revenue	<u>2,407,525</u>	<u>2,927,808</u>	<u>5,335,333</u>
<b>Operating Expenses:</b>			
Salaries and benefits	443,441	688,995	1,132,436
Administrative and supplies	865,177	992,067	1,857,244
Depreciation	<u>268,051</u>	<u>329,390</u>	<u>597,441</u>
Total Operating Expenses	<u>1,576,669</u>	<u>2,010,452</u>	<u>3,587,121</u>
<b>Operating Income</b>	<u>830,856</u>	<u>917,356</u>	<u>1,748,212</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	5,718	6,445	12,163
Interest Expense	(127,819)	(56,020)	(183,839)
Gain (Loss) on pension activity	19,378	164	19,542
Amortization of bond discount	2,119		2,119
Amortization of bond premium	<u>(3,412)</u>	<u>19,449</u>	<u>16,037</u>
Total Nonoperating	<u>(104,016)</u>	<u>(29,962)</u>	<u>(133,978)</u>
<b>Income before transfers</b>	<u>726,840</u>	<u>887,394</u>	<u>1,614,234</u>
Transfers in	<u></u>	<u></u>	<u></u>
Transfers out	<u></u>	<u></u>	<u></u>
<b>Net Income</b>	726,840	887,394	1,614,234
<b>Total Net Position - Beginning</b>	<u>3,827,037</u>	<u>8,120,775</u>	<u>11,947,812</u>
<b>Total Net Position - Ending</b>	<u>\$ 4,553,877</u>	<u>\$ 9,008,169</u>	<u>\$ 13,562,046</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the year ended September 30, 2021**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 2,401,380	\$ 2,910,044	\$ 5,311,424
Payments to suppliers	(865,177)	(992,067)	(1,857,244)
Payments to employees	(436,990)	(681,163)	(1,118,153)
Other receipts	1,976		1,976
Net cash provided (used) by operations	<u>1,101,189</u>	<u>1,236,814</u>	<u>2,338,003</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase and construction of capital assets	(381,050)		(381,050)
Payments from (to) other funds			0
Principal paid on capital debt	(181,000)	(205,000)	(386,000)
Interest paid on capital debt	<u>(127,966)</u>	<u>(56,447)</u>	<u>(184,413)</u>
Net cash provided (used) by capital and related financing activities	<u>(690,016)</u>	<u>(261,447)</u>	<u>(951,463)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest Income	<u>5,718</u>	<u>6,445</u>	<u>12,163</u>
<b>Net Increase (Decrease) in Cash and Deposits</b>	416,891	981,812	1,398,703
<b>Balances - Beginning of the year</b>	<u>2,389,830</u>	<u>1,688,217</u>	<u>4,078,047</u>
<b>Balances - Ending of the year</b>	<u>\$ 2,806,721</u>	<u>\$ 2,670,029</u>	<u>\$ 5,476,750</u>
Displayed as:			
Pooled Cash and Investments	2,806,721	2,458,029	5,264,750
Restricted Assets		<u>212,000</u>	<u>212,000</u>
<b>Balances - Ending of the year</b>	<u>\$ 2,806,721</u>	<u>\$ 2,670,029</u>	<u>\$ 5,476,750</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	830,856	917,356	1,748,212
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	268,051	329,390	597,441
Changes in assets and liabilities:			
Receivables, net	4,169	(17,794)	(13,625)
Accounts and other payables	<u>(1,887)</u>	<u>7,862</u>	<u>5,975</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,101,189</u>	<u>\$ 1,236,814</u>	<u>\$ 2,338,003</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(A) Basis of Presentation – Basis of Accounting**

**Basis of Presentation:**

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

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

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

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

The City reports the following governmental funds:

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

The City reports the following enterprise funds:

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

**Discretely Presented Component Unit**

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

**Measurement Focus, Basis of Accounting**

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

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

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-continued

*Entity Classifications.*

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

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

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

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

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

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

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

**(B) Assets, Liabilities, and Equity**

**Deposits and Investments**

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

**Cash and Deposits**

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

**Receivables and Payable**

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

**Property Tax Calendar**

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

**Deferred Outflows/Inflows of Resources**

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

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

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

**Capital Assets**

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

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

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

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

**Compensated Absences**

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

**Pensions**

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

**NOTE 2 – CASH AND DEPOSITS**

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$ 3,094,409 of the City's bank balances were exposed to custodial credit risk because of the \$250,000 limit insured by the FDIC.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

Investment Type

Idaho State Local Government Investment Pool \$ 17,741,432.

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

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

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

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

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

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

Cash on Hand	\$ 320
Deposits with financial institutions:	
Demand deposits	1,031,734
State of Idaho Investment Pool	<u>17,741,432</u>
Total	<u>\$ 18,773,486</u>



**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

– Continued

**NOTE 3 – CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 8,809,038	\$	\$	\$ 8,809,038
Construction in Progress	<u>1,796,490</u>	<u>10,333,427</u>		<u>12,129,917</u>
Total	<u>10,605,528</u>	<u>10,333,427</u>	<u>0</u>	<u>20,938,955</u>
<i>Capital Assets being depreciated:</i>				
Buildings & Improvements	9,785,787			9,785,787
Infrastructure	3,034,584			3,034,584
Vehicles and Equipment	<u>8,047,397</u>	<u>521,922</u>		<u>8,569,319</u>
Total	<u>20,867,768</u>	<u>521,922</u>	<u>0</u>	<u>21,389,690</u>
Less: Accumulated Depreciation:	<u>10,111,315</u>	<u>669,753</u>		<u>10,781,068</u>
Total Net Depreciated Assets	<u>10,756,453</u>	<u>(147,831)</u>	<u>0</u>	<u>10,608,622</u>
Governmental capital assets, net	<u>\$ 21,361,981</u>	<u>\$ 10,185,596</u>	<u>\$ 0</u>	<u>\$ 31,547,577</u>
<b>Business-type activities:</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 15,380	\$	\$	\$ 15,380
Construction in Progress	<u>574,313</u>	<u>337,118</u>	<u>(574,313)</u>	<u>337,118</u>
Total	<u>589,693</u>	<u>337,118</u>	<u>(574,313)</u>	<u>352,498</u>
<i>Capital Assets being depreciated:</i>				
Buildings & Improvements	25,788,201	574,313		26,362,514
Vehicles and Equipment	<u>892,678</u>	<u>43,932</u>		<u>936,610</u>
Total	<u>26,680,879</u>	<u>618,245</u>	<u>0</u>	<u>27,299,124</u>
Less: Accumulated Depreciation	<u>14,392,578</u>	<u>597,441</u>		<u>14,990,019</u>
Total Net Depreciated Assets	<u>12,288,301</u>	<u>20,804</u>	<u>0</u>	<u>12,309,105</u>
Business-type capital assets, net	<u>\$ 12,877,994</u>	<u>\$ 357,922</u>	<u>\$ (574,313)</u>	<u>\$ 12,661,603</u>

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

– Continued

**NOTE 4 - BONDS PAYABLE**

In December of 2004, the City sold \$ 1,990,000 of Sewer Revenue Bonds, Series 2004. The proceeds of this issue were used to make improvements to the City's wastewater system. The bonds were retired with funds from the 2014 Wastewater Refunding Bonds 2014.

In May of 2006, the City sold \$ 1,730,000 of Sewer Revenue Bonds, Series 2006A. The proceeds of this issue were used to make improvements to the City's wastewater system. The bonds were retired by the 2014 bond issue.

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

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

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

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

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

In June of 2007, the City sold \$1,550,000 of General Obligation Bonds, Series June 5, 2007. The proceeds of this issue were used for capital equipment acquisitions. This bond issue was paid in full during the current period.

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

**Bonds Payable – Continued**

**Wastewater Refunding Bond Series 2014**

<u>FY</u>	<u>Interest</u>	<u>Principal</u>
2021	\$ 56,000	\$ 205,000
2022	45,750	215,000
2023	35,000	220,000
2024	24,000	230,000
2025	12,500	250,000
Totals	<u>\$ 173,250</u>	<u>\$ 1,120,000</u>

**Water Refunding Bonds 2015**

**Water Revenue Bonds 2016**

<u>FY</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2022	\$ 107,675	\$ 30,000	\$ 16,912	\$ 152,000
2023	106,475	30,000	14,269	157,000
2024	105,500	30,000	11,537	162,000
2025	104,000	35,000	8,717	162,000
2026-2030	460,750	875,000	8,909	339,000
2031-2034	142,250	1,170,000		
Totals	<u>\$ 1,026,650</u>	<u>\$ 2,170,000</u>	<u>\$ 60,344</u>	<u>\$ 972,000</u>

**General Obligation Bonds Series 2020**

<u>FY</u>	<u>Interest</u>	<u>Principal</u>
2022	\$ 307,019	\$ 305,000
2023	291,769	320,000
2024	275,769	335,000
2025	259,019	355,000
2026	241,269	370,000
2027-2031	922,345	2,140,000
2032-2036	619,445	2,440,000
2037-2041	364,655	2,700,000
2042-2044	79,042	1,760,000
Totals	<u>\$ 3,360,332</u>	<u>\$ 10,725,000</u>

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

– Continued

**NOTE 5 – CAPITAL LEASES**

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

Detail of the Capital Leases follows:

	Balance Financed	2022	2023	2024	2025-34	Total
Governmental Activities						
2019 Hughes Aerial Fire Ladder Truck						
Zions Bancorporaton	\$ 629,419	\$ 40,806	\$ 41,948	\$ 43,123	503,542	\$ 629,419
Computed Interest 2.8%		17,624	16,481	15,307	80,754	130,166
	<u>629,419</u>	<u>58,430</u>	<u>58,429</u>	<u>58,430</u>	<u>584,296</u>	<u>759,585</u>
Total Capital Leases	\$ <u>629,419</u>	\$ <u>58,430</u>	\$ <u>58,429</u>	\$ <u>58,430</u>	<u>584,296</u>	\$ <u>759,585</u>

**NOTE 6 – OPERATING LEASES**

The City is obligated under several operating leases for vehicles and equipment. Operating leases do not give rise to property rights or purchase obligations, and therefore the results of the lease agreements are not reflected in the City's capital assets.

**NOTE 7 – MISCELLANEOUS REVENUES, GOVERNMENTAL FUND TYPES**

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

	Total Governmental
Rents	\$ 116,450
Sale of Unusable Equipment	1,225
Miscellaneous	<u>10,902</u>
Total	<u>\$ 128,577</u>

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

**NOTE 8 – LITIGATION**

The City, at the financial statement date, is involved in a few matters of litigation. Legal representation has not determined the resolution of these matters. The City contends that any liability in any of these issues would be immaterial to the financial statements.

**NOTE 9 – RESTRICTED NET ASSETS**

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

	<u>General Fund</u>	<u>Enterprise Fund</u>
Various Trust Cash and Fire GO Bond	\$ 3,976,860	
Wastewater Bonds Debt Reserve Cash		\$ 212,000
Totals	\$ <u>3,976,860</u>	\$ <u>212,000</u>

**NOTE 10 – RISK MANAGEMENT**

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

**NOTE 11 – KETCHUM URBAN RENEWAL AGENCY**

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

The City advanced \$1,495,830 of cash held for affordable housing construction to the Agency to begin their operations. The Agency has determined to pay this amount back to the City over the next several years as funds become available. These amounts are not accrued in the City's records but will be recognized as revenue when received in the "In-Lieu Housing Fund". The balance remaining unpaid at the date of these financial statements is \$ 1,261,687.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN**

*Plan Description*

The City of Ketchum contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](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 services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

*Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of employer rate for general employees and 74% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$484,563 for the year ended September 30, 2021.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

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

At September 30, 2021, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City'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 0.0809575 percent.

For the year ended September 30, 2021, the City recognized pension expense (revenue) of (\$440,252). At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,205	\$ 37,166
Changes in assumptions or other inputs	\$ 733,932	
Net difference between projected and actual earnings on pension plan investments		\$ 2,008,260
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ (111,539)	
City's contributions subsequent to the measurement date	\$ 111,539	
Total	\$ 828,137	\$ 2,045,426

\$ 111,539 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, 2022.

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

**Year ended September 30, 2021:**

2022	\$( 286,337)
2023	\$( 258,048)
2024	\$( 225,505)
2025	\$( 447,356)

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

**Contributing Members, Service Retirement Members, and Beneficiaries**

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

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

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



**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

**Capital Market Assumptions from Callan 2021**

	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
<b>Asset Class</b>			
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%

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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

	<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)	\$( 63,300)	\$( 63,939)	\$(64,578)

*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)

*Payables to the pension plan*

At September 30, 2021, the City reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**NOTE 13 – SUBSEQUENT EVENTS**

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- General Fund**  
**for the year ended September 30, 2021**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$ 4,614,433	\$ 4,481,665	\$ 4,481,665	\$ 132,768
Local Option sales taxes				
Franchises, licenses, permits	1,125,492	986,227	986,227	139,265
State of Idaho shared revenue	1,100,667	1,006,670	1,006,670	93,997
State of Idaho sales tax	0	103,782	103,782	(103,782)
State of Idaho liquor receipts	428,870	383,368	383,368	45,502
State highway user collections	172,462	160,163	160,163	12,299
Penalty and interest on property taxes	15,711	10,000	10,000	5,711
County court and parking fines	104,091	67,250	67,250	36,841
Fees, fines and charges for services	3,280,127	1,017,244	3,193,413	86,714
Grants and contributions	418,484	418,175	418,175	309
Earnings on investments	19,516	45,001	45,001	(25,485)
Miscellaneous	96,816	74,760	74,760	22,056
	<u>11,376,669</u>	<u>8,754,305</u>	<u>10,930,474</u>	<u>446,195</u>
Total Revenue				
<b>EXPENDITURES:</b>				
General Government	4,248,975	3,922,114	4,386,099	137,124
Public Safety	3,732,811	3,774,892	3,774,892	42,081
Streets	1,813,364	2,028,382	2,028,382	215,018
Capital outlay				
Parks and Recreation	499,352	582,382	582,382	83,030
Transportation				
Affordable Housing				
Debt Service				
	<u>10,294,502</u>	<u>10,307,770</u>	<u>10,771,755</u>	<u>477,253</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	1,082,167	(1,553,465)	158,719	923,448
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds	1,309,465		1,299,465	(10,000)
Operating transfers (to) other funds	(2,021,499)		(1,765,234)	256,265
	<u>370,133</u>	<u>(1,553,465)</u>	<u>(307,050)</u>	<u>677,183</u>
NET CHANGE IN FUND BALANCES				
FUND BALANCE - BEGINNING	4,354,406	4,354,406	4,354,406	
FUND BALANCE - ENDING	\$ <u>4,724,539</u>	<u>2,800,941</u>	\$ <u>4,047,356</u>	

**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- City Sales Tax Fund**  
**for the year ended September 30, 2021**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$	\$	\$	\$
Local Option sales taxes	6,171,799	4,156,101	5,461,553	710,246
Franchises, licenses, permits				0
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services				
Grants and contributions				
Earnings on investments	350	1,000	1,000	(650)
Miscellaneous				
Total Revenue	<u>6,172,149</u>	<u>4,157,101</u>	<u>5,462,553</u>	<u>709,596</u>
<b>EXPENDITURES:</b>				
General Government	36,778	78,000	61,500	24,722
Public Safety	156,850	147,847	152,282	(4,568)
Streets				
Capital outlay				
Parks and Recreation				
Transportation	3,641,553	2,336,101	3,641,553	0
Affordable Housing				
Debt Service				
Total Expenditures	<u>3,835,181</u>	<u>2,561,948</u>	<u>3,855,335</u>	<u>20,154</u>
EXCESS REVENUE (EXPENDITURES)	2,336,968	1,595,153	1,607,218	729,750
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds				0
Operating transfers (to) other funds	<u>(1,434,465)</u>	<u>(1,424,465)</u>	<u>(1,424,465)</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	902,503	170,688	182,753	739,750
FUND BALANCE - BEGINNING	<u>873,862</u>	<u>873,862</u>	<u>873,892</u>	
FUND BALANCE - ENDING	<u>\$ 1,776,365</u>	<u>\$ 1,044,550</u>	<u>\$ 1,056,645</u>	

**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- In-Lieu Housing Fund**  
**for the year ended September 30, 2021**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$	\$	\$	\$
Local Option sales taxes				
Franchises, licenses, permits				
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services	570,574	0	0	570,574
Grants and contributions				
Earnings on investments	7,379	30,000	30,000	(22,621)
Miscellaneous				0
	<u>577,953</u>	<u>30,000</u>	<u>30,000</u>	<u>547,953</u>
Total Revenue				
<b>EXPENDITURES:</b>				
General Government				0
Public Safety				
Streets				
Capital outlay		2,175,000	2,175,000	(2,175,000)
Parks and Recreation				
Transportation				
Affordable Housing	75,000	75,000	75,000	0
Debt Service				
	<u>75,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>(2,175,000)</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	502,953	(2,220,000)	(2,220,000)	(1,627,047)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds				
Operating transfers (to) other funds				
NET CHANGE IN FUND BALANCES	502,953	(2,220,000)	(2,220,000)	(1,627,047)
FUND BALANCE - BEGINNING	<u>2,345,453</u>	<u>2,345,453</u>	<u>2,345,453</u>	
FUND BALANCE - ENDING	<u>\$ 2,848,406</u>	<u>\$ 125,453</u>	<u>\$ 125,453</u>	

**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- Fire Construction Fund**  
**for the year ended September 30, 2021**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$ 36,048	\$ 0	\$ 0	\$ 36,048
Local Option sales taxes				
Franchises, licenses, permits				
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services				
Grants, contributions, bond proceeds				
Earnings on investments	25,710	0	0	25,710
Miscellaneous				
	<u>61,758</u>	<u>0</u>	<u>0</u>	<u>61,758</u>
Total Revenue	<u>61,758</u>	<u>0</u>	<u>0</u>	<u>61,758</u>
<b>EXPENDITURES:</b>				
General Government				
Public Safety				
Streets				
Capital outlay	9,054,420	9,500,000	9,500,000	(445,580)
Parks and Recreation				
Transportation				
Affordable Housing				
Debt Service				
	<u>9,054,420</u>	<u>9,500,000</u>	<u>9,500,000</u>	<u>(445,580)</u>
Total Expenditures	<u>9,054,420</u>	<u>9,500,000</u>	<u>9,500,000</u>	<u>(445,580)</u>
EXCESS REVENUE (EXPENDITURES)	(8,992,662)	(9,500,000)	(9,500,000)	(383,822)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds				
Operating transfers (to) other funds				
NET CHANGE IN FUND BALANCES	(8,992,662)	(9,500,000)	(9,500,000)	(383,822)
FUND BALANCE - BEGINNING	<u>9,761,385</u>	<u>9,761,385</u>	<u>9,761,385</u>	
FUND BALANCE - ENDING	<u>\$ 768,723</u>	<u>\$ 261,385</u>	<u>\$ 261,385</u>	

**CITY OF KETCHUM, IDAHO**  
**PUBLIC EMPLOYEE PENSION INFORMATION**  
For the year ended September 30, 2021

**Required Supplementary Information**

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

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

\* GASB Statement No. 68 required 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

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

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



**OTHER  
SUPPLEMENTARY INFORMATION**

**CITY OF KETCHUM, IDAHO**  
**Combining Balance Sheets**  
**Combining Other Governmental Funds**  
**at September 30, 2021**

	<u>General Capital Improvement Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Law Enforce Capital Improvement Fund</u>	<u>Fire/Rescue Capital Improvement Fund</u>
<b>ASSETS:</b>				
Cash and Cash Deposits	\$ 3,457,911	\$ 0	\$ 0	\$ 0
Taxes Receivable				
Due From Other Governments				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	\$ <u><u>3,457,911</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>
<b>LIABILITIES:</b>				
Accounts Payable	\$	\$	\$	\$
Funds Held in Trust				
Due To Other Funds				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE:</b>				
Non-spendable				
Restricted				
Committed				
Assigned	3,457,911	0	0	0
Unassigned				
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balance	<u>3,457,911</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	\$ <u><u>3,457,911</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

The accompanying notes are a part of these financial statements.

<u>Parks Capital Improvement Fund</u>	<u>GO Bond Debt Fund</u>	<u>Wagon Days Fund</u>	<u>Police/Fire Trust Fund</u>	<u>Community Development Trust Fund</u>	<u>Park Trust Fund</u>	<u>Total Governmental Funds</u>
\$ 0	\$ (12,276)	\$ 39,999	\$ 101,907	\$ 46,757	\$ 207,730	\$ 3,842,028
						0
						0
<u>\$ 0</u>	<u>\$ (12,276)</u>	<u>\$ 39,999</u>	<u>\$ 101,907</u>	<u>\$ 46,757</u>	<u>\$ 207,730</u>	<u>\$ 3,842,028</u>
\$	\$	\$	\$	\$	\$	\$ 0
				46,757		46,757
						0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,757</u>	<u>0</u>	<u>46,757</u>
			101,907		207,730	0
0	(12,276)	39,999				309,637
						0
						3,485,634
						0
<u>0</u>	<u>(12,276)</u>	<u>39,999</u>	<u>101,907</u>	<u>0</u>	<u>207,730</u>	<u>3,795,271</u>
<u>\$ 0</u>	<u>\$ (12,276)</u>	<u>\$ 39,999</u>	<u>\$ 101,907</u>	<u>\$ 46,757</u>	<u>\$ 207,730</u>	<u>\$ 3,842,028</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Combining Other Governmental Funds**  
**for the year ended September 30, 2021**

	<u>General Capital Improvement Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Law Enforce Capital Improvement Fund</u>	<u>Fire/Rescue Capital Improvement Fund</u>
<b>REVENUE:</b>				
Property taxes	\$	\$	\$	\$
Local Option sales taxes				
Franchises, licenses, permits	281,436			
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
Proceeds from sale of assets				
Fees and charges for services	14,016	159,121	3,670	74,111
Grants and contributions	864,600			
Earnings on investments	4,068	1,256	48	1,196
Miscellaneous	30,837			
	<u>1,194,957</u>	<u>160,377</u>	<u>3,718</u>	<u>75,307</u>
Total Revenue				
<b>EXPENDITURES:</b>				
General Government				
Public Safety				
Streets				
Capital outlay	1,959,936	187,240		100,148
Parks and Recreation				
Transportation				
Affordable Housing				
Debt Service				
	<u>1,959,936</u>	<u>187,240</u>	<u>0</u>	<u>100,148</u>
Total Expenditures				
<b>EXCESS REVENUE (EXPENDITURES)</b>	(764,979)	(26,863)	3,718	(24,841)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds	2,840,814			193,130
Operating transfers (to) other funds	(75,000)	(475,974)	(27,279)	(518,054)
<b>NET CHANGE IN FUND BALANCES</b>	2,000,835	(502,837)	(23,561)	(349,765)
<b>FUND BALANCE - BEGINNING</b>	1,457,076	502,837	23,561	349,765
<b>FUND BALANCE - ENDING</b>	\$ <u>3,457,911</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

The accompanying notes are a part of these financial statements.

<u>Parks Capital Improvement Fund</u>	<u>Fire and GO Bond Debt Fund</u>	<u>Wagon Days Fund</u>	<u>Police/Fire Trust Fund</u>	<u>Community Development Trust Fund</u>	<u>Park Trust Fund</u>	<u>Total Governmental Funds</u>
\$	\$ 593,688	\$	\$	\$	\$	\$ 593,688
						0
						281,436
						0
						0
						0
						0
	2,422					2,422
						0
35,549		11,054		130,525	10,909	438,955
		3,488			14,688	882,776
43	81	107	306	5	372	7,482
789			135			31,761
<u>36,381</u>	<u>596,191</u>	<u>14,649</u>	<u>441</u>	<u>130,530</u>	<u>25,969</u>	<u>2,238,520</u>
		99,391		130,530		229,921
						0
						0
					23,068	2,270,392
					31,295	31,295
						0
						0
	761,514					761,514
<u>0</u>	<u>761,514</u>	<u>99,391</u>	<u>0</u>	<u>130,530</u>	<u>54,363</u>	<u>3,293,122</u>
36,381	(165,323)	(84,742)	441	0	(28,394)	(1,054,602)
	153,128	80,000			75,000	3,342,072
(95,973)	(3,293)					(1,195,573)
(59,592)	(15,488)	(4,742)	441	0	46,606	1,091,897
<u>59,592</u>	<u>3,212</u>	<u>44,741</u>	<u>101,466</u>	<u>0</u>	<u>161,124</u>	<u>2,703,374</u>
\$ <u>0</u>	\$ <u>(12,276)</u>	\$ <u>39,999</u>	\$ <u>101,907</u>	\$ <u>0</u>	\$ <u>207,730</u>	\$ <u>3,795,271</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2021**

	<u>Annual Payment</u>			
	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
General Obligation Bond:				
\$11,500,000 General Obligation Bonds				
Series 2020				
	5.00%	2022	\$ 305,000	\$ 307,019
	5.00%	2023	320,000	291,769
	5.00%	2024	335,000	275,769
	5.00%	2025	355,000	259,019
	5.00%	2026	370,000	241,269
	5.00%	2027	390,000	222,769
	5.00%	2028	410,000	203,269
	5.00%	2029	430,000	182,769
	2.00%	2030	450,000	161,269
	2.00%	2031	460,000	152,269
	2.00%	2032	470,000	143,069
	2.00%	2033	480,000	133,669
	2.00%	2034	490,000	124,069
	2.00%	2035	495,000	114,269
	2.00%	2036	505,000	104,369
	2.00%	2037	520,000	94,269
	2.00%	2038	530,000	83,869
	2.00%	2039	540,000	73,269
	2.125%	2040	550,000	62,468
	2.150%	2041	560,000	50,780
	2.125%	2042	575,000	38,881
	2.250%	2043	585,000	26,661
	2.250%	2044	600,000	13,500
			<u>\$ 10,725,000</u>	<u>\$ 3,360,332</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2021**

	Annual Payment			
	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
Water Revenue Bond:				
Water Refunding Bond 2016				
\$ 1,697,000, September 8, 2016				
1.74%				
	1.74%	2022	\$ 152,000	\$ 16,912
	1.74%	2023	157,000	14,269
	1.74%	2024	162,000	11,537
	1.74%	2025	162,000	8,717
	1.74%	2026	166,000	5,899
	1.74%	2027	173,000	3,010
			<u>\$ 972,000</u>	<u>\$ 60,344</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2021**

	Annual Payment			
	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
Water Revenue Bond:				
Water Revenue Refunding Bonds 2015				
\$2,310,000, September 2, 2015				
2.00% - 5.00%				
	4.00%	2022	\$ 30,000	\$ 107,675
	3.25%	2023	30,000	106,475
	5.00%	2024	30,000	105,500
	5.00%	2025	35,000	104,000
	5.00%	2026	35,000	102,250
	5.00%	2027	30,000	100,500
	5.00%	2028	255,000	99,000
	5.00%	2029	270,000	86,250
	5.00%	2030	285,000	72,750
	5.00%	2031	295,000	58,500
	5.00%	2032	310,000	43,750
	5.00%	2033	330,000	28,250
	5.00%	2034	235,000	11,750
			<u>\$ 2,170,000</u>	<u>\$ 1,026,650</u>

The accompanying notes are a part of these financial statements.



**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2021**

	Annual Payment			
	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Principal Payment</u>	<u>Interest Payment</u>
Wastewater Revenue Bond:				
Wastewater Revenue Refunding Bonds 2014				
\$1,950,000, November 18, 2014				
2.00% - 5.00%				
	5.00%	2022	\$ 215,000	\$ 45,750
	5.00%	2023	220,000	35,000
	5.00%	2024	230,000	24,000
	5.00%	2025	250,000	12,500
			<u>\$ 915,000</u>	<u>\$ 117,250</u>

The accompanying notes are a part of these financial statements.

# WORKMAN & COMPANY

Office of  
Accounting

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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**

November 12, 2021

To the City Council  
City of Ketchum, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Ketchum, Idaho's basic financial statements, and have issued our report thereon dated November 12, 2021.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

Report Continued—

**Purpose of this Report**

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

*Workman & Company*

WORKMAN AND COMPANY  
Certified Public Accountants  
Twin Falls, Idaho