

CITY OF PARMA, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable Mayor
and City Parma
City of Parma, Idaho

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of the City's proportionate share of the net pension liability (asset), and the schedule of City contributions on pages 36 through 39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basis financial statements. The supplemental schedules of revenues by source and expenditures by object for the General Fund, are presented for purposes of additional analysis and are not a required part of the basis financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
May 28, 2025

City of Parma, Idaho
Statement of Net Position
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 2,460,000	\$ 1,929,784	\$ 4,389,784
Property Taxes Receivable, Net	35,145	-	35,145
Accounts Receivable, Net	2,999	167,493	170,492
Due from Other Governments	63,063	-	63,063
Total Current Assets	<u>2,561,207</u>	<u>2,097,277</u>	<u>4,658,484</u>
Noncurrent Assets:			
Restricted Cash	-	422,529	422,529
Capital Assets:			
Land and Construction in Progress	145,760	8,491,612	8,637,372
Buildings, Net	736,682	93,262	829,944
Improvements, Net	652,884	1,507,790	2,160,674
Equipment, Net	181,518	113,400	294,918
Total Noncurrent Assets	<u>1,716,844</u>	<u>10,628,593</u>	<u>12,345,437</u>
Total Assets	<u>4,278,051</u>	<u>12,725,870</u>	<u>17,003,921</u>
Deferred Outflows			
Pension Related Items	<u>87,228</u>	<u>42,965</u>	<u>130,193</u>
Total Deferred Outflows	<u>87,228</u>	<u>42,965</u>	<u>130,193</u>
Liabilities			
Current Liabilities:			
Accounts Payable	12,488	9,559	22,047
Salaries and Benefits Payable	14,981	4,785	19,766
Accrued Interest Payable	417	45,326	45,743
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Bond Payable	-	124,697	124,697
Municipal Lease	20,617	8,686	29,303
Compensated Absences	12,502	6,751	19,253
Portion Due or Payable After One Year:			
Bond Payable	-	4,375,685	4,375,685
Municipal Lease	60,587	40,391	100,978
Net Pension Liability	357,117	175,895	533,012
Total Liabilities	<u>478,709</u>	<u>4,791,775</u>	<u>5,270,484</u>
Deferred Inflows			
Pension Related Items	<u>6,483</u>	<u>3,192</u>	<u>9,675</u>
Total Deferred Inflows	<u>6,483</u>	<u>3,192</u>	<u>9,675</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	1,716,844	6,128,211	7,845,055
Restricted for:			
Debt Reserve	-	422,529	422,529
Streets & Alleys	711,452	-	711,452
Other	177,975	-	177,975
Unrestricted (Deficit) Surplus	<u>1,273,816</u>	<u>1,423,128</u>	<u>2,696,944</u>
Total Net Position	<u>\$ 3,880,087</u>	<u>\$ 7,973,868</u>	<u>\$ 11,853,955</u>

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

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 254,411	\$ 206,340	\$ -	\$ -	\$ (48,071)	\$ -
Public Safety	670,710	-	-	-	(670,710)	-
Highways and Streets	333,555	-	-	209,251	(124,304)	-
Airport	58,451	14,058	-	-	(44,393)	-
Culture and Recreation	279,628	52,223	3,500	-	(223,905)	-
Impact Fees	12,904	24,610	-	-	11,706	-
Total Governmental Activities	1,609,659	297,231	3,500	209,251	(1,099,677)	-
Business-type Activities:						
Water	459,046	511,144	-	39,850	-	91,948
Sewer	628,393	689,454	-	77,973	-	139,034
Total Business-type Activities	1,087,439	1,200,598	-	117,823	-	230,982
Total Primary Government	\$ 2,697,098	\$ 1,497,829	\$ 3,500	\$ 327,074	(1,099,677)	230,982
General Revenues:						
Property Taxes					855,709	-
State Sources					307,225	-
Franchise Fees					15,427	-
Other					101,488	11,121
Unrestricted Investment Earnings					137,007	41,162
Disposal of Capital Assets					(114,948)	-
Total General Revenues and Special Items					1,301,908	52,283
Change in Net Position					202,231	283,265
Net Position, Beginning of Year					3,677,856	7,690,603
Net Position, End of Year					<u>\$ 3,880,087</u>	<u>\$ 7,973,868</u>
						<u>\$ 11,368,459</u>

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

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

	General	Street	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,561,027	\$ 715,367	\$ 183,606	\$ 2,460,000
Receivables, Net:				
Property Tax	24,152	5,620	5,373	35,145
Accounts	2,999	-	-	2,999
Due from Other Governments	63,063	-	-	63,063
Total Assets	<u>\$ 1,651,241</u>	<u>\$ 720,987</u>	<u>\$ 188,979</u>	<u>\$ 2,561,207</u>
Liabilities				
Accounts Payable	\$ 3,408	\$ 3,380	\$ 5,700	\$ 12,488
Salaries and Benefits Payable	12,812	1,406	763	14,981
Total Liabilities	<u>16,220</u>	<u>4,786</u>	<u>6,463</u>	<u>27,469</u>
Deferred Inflows				
Unavailable Revenue - Property Taxes	<u>20,409</u>	<u>4,749</u>	<u>4,541</u>	<u>29,699</u>
Fund Balances				
Nonspendable:				
Restricted	-	711,452	177,975	889,427
Unassigned	1,614,612	-	-	1,614,612
Total Fund Balances	<u>1,614,612</u>	<u>711,452</u>	<u>177,975</u>	<u>2,504,039</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 1,651,241</u>	<u>\$ 720,987</u>	<u>\$ 188,979</u>	<u>\$ 2,561,207</u>

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

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

Total Fund Balances - Governmental Funds \$ 2,504,039

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

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

Land	\$ 145,760	
Building, Net of \$438,270 Accumulated Depreciation	736,682	
Improvements, Net of \$1,648,406 Accumulated Depreciation	652,884	
Equipment, Net of \$546,139 Accumulated Depreciation	181,518	
Total Capital Assets		1,716,844

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds. 29,699

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

Compensated Absences	\$ (12,502)	
Municipal Lease	(81,204)	
Accrued Interest	(417)	
		(94,123)

The City participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (357,117)	
Pension Related Deferred Inflows	(6,483)	
Pension Related Deferred Outflows	87,228	
		(276,372)
Net Position of Governmental Activities		\$ 3,880,087

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

Parma, City of
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Governmental Funds
For the Year Ended September 30, 2024

	General	Street	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 563,582	\$ 183,895	\$ 109,528	\$ 857,005
Licenses and Permits	48,443	-	-	48,443
Intergovernmental	290,886	225,040	4,050	519,976
Charges for Services	171,202	-	52,976	224,178
Impact Fees	-	-	24,610	24,610
Interest Earned	119,647	12,814	4,546	137,007
Other	54,272	23,193	39,450	116,915
Total Revenues	<u>1,248,032</u>	<u>444,942</u>	<u>235,160</u>	<u>1,928,134</u>
Expenditures				
Current:				
Administrative	212,649	-	-	212,649
Public Safety	628,941	-	-	628,941
Highways and Streets	-	164,379	-	164,379
Airport	-	-	24,270	24,270
Culture and Recreation	76,826	-	139,259	216,085
Impact Fees	-	-	12,904	12,904
Capital Outlay	66,602	101,887	26,865	195,354
Total Expenditures	<u>985,018</u>	<u>266,266</u>	<u>203,298</u>	<u>1,454,582</u>
Net Change in Fund Balances	263,014	178,676	31,862	473,552
Fund Balances - Beginning	1,351,598	532,776	146,113	2,030,487
Fund Balances - Ending	<u>\$ 1,614,612</u>	<u>\$ 711,452</u>	<u>\$ 177,975</u>	<u>\$ 2,504,039</u>

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

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

Total Net Change in Fund Balance - Governmental Funds \$ 473,552

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

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

Capital Outlay	\$ 75,297	
Cost and Accumulated Depreciation of Sold Assets	(114,948)	
Depreciation Expense	<u>(192,795)</u>	
Net		(232,446)

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. (1,296)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. 6,792

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

(44,371)

Change in Net Position of Governmental Activities \$ 202,231

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

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

	Water	Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 786,436	\$ 1,143,348	\$ 1,929,784
Accounts Receivable, Net	70,738	96,755	167,493
Total Current Assets	<u>857,174</u>	<u>1,240,103</u>	<u>2,097,277</u>
Noncurrent Assets:			
Restricted Cash	286,756	135,773	422,529
Capital Assets:			
Land and Construction			
in Progress	11,325	8,480,287	8,491,612
Buildings, Net	93,262	-	93,262
Improvements, Net	1,437,637	70,153	1,507,790
Equipment, Net	76,708	36,692	113,400
Total Noncurrent Assets	<u>1,905,688</u>	<u>8,722,905</u>	<u>10,628,593</u>
Total Assets	<u>2,762,862</u>	<u>9,963,008</u>	<u>12,725,870</u>
Deferred Outflows			
Pension Related Items	23,436	19,529	42,965
Total Deferred Outflows	<u>23,436</u>	<u>19,529</u>	<u>42,965</u>
Liabilities			
Current Liabilities:			
Accounts Payable	2,962	6,597	9,559
Salaries and Benefits Payable	3,499	1,286	4,785
Compensated Absences	3,391	3,360	6,751
Accrued Interest Payable	14,500	30,826	45,326
Bonds, Notes, and Loans Payable	39,247	85,450	124,697
Municipal Lease Payable - Current	4,343	4,343	8,686
Total Current Liabilities	<u>67,942</u>	<u>131,862</u>	<u>199,804</u>
Noncurrent Liabilities:			
Bonds, Notes, and Loans Payable	332,162	4,043,523	4,375,685
Municipal Lease Payable	20,195	20,196	40,391
Net Pension Liability	96,753	79,142	175,895
Total Noncurrent Liabilities	<u>449,110</u>	<u>4,142,861</u>	<u>4,591,971</u>
Total Liabilities	<u>517,052</u>	<u>4,274,723</u>	<u>4,791,775</u>
Deferred Inflows			
Pension Related Items	1,741	1,451	3,192
Total Deferred Inflows	<u>1,741</u>	<u>1,451</u>	<u>3,192</u>
Net Position			
Invested in Capital Assets,			
Net of Related Debt	1,286,770	4,543,609	5,830,379
Restricted - Debt Reserve	286,756	135,773	422,529
Unrestricted	693,979	1,026,981	1,720,960
Total Net Position	<u>\$ 2,267,505</u>	<u>\$ 5,706,363</u>	<u>\$ 7,973,868</u>

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

City of Parma, Idaho
Statement of Revenues, Expenditures, and
Changes in Net Position -
Proprietary Funds
For the Year Ended September 30, 2024

	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$ 511,144	\$ 689,454	\$ 1,200,598
Miscellaneous	5,617	5,504	11,121
Total Operating Revenues	<u>516,761</u>	<u>694,958</u>	<u>1,211,719</u>
Operating Expenses			
Salaries	131,142	48,483	179,625
Benefits	64,357	29,684	94,041
Supplies and Operations	56,002	210,802	266,804
Professional Services	26,358	170,968	197,326
Utilities	40,658	25,859	66,517
Repairs and Maintenance	13,194	59,471	72,665
Miscellaneous	1,675	460	2,135
Depreciation	105,950	28,877	134,827
Total Operating Expenses	<u>439,336</u>	<u>574,604</u>	<u>1,013,940</u>
Income (Loss) From Operations	<u>77,425</u>	<u>120,354</u>	<u>197,779</u>
Nonoperating Revenues (Expenses)			
Interest Earned	31,871	9,291	41,162
Interest Expense	(19,710)	(53,789)	(73,499)
Grants and Contributions	39,850	77,973	117,823
Total Nonoperating Revenues (Expenses)	<u>52,011</u>	<u>33,475</u>	<u>85,486</u>
Change in Net Position	129,436	153,829	283,265
Total Net Position - Beginning	<u>2,138,069</u>	<u>5,552,534</u>	<u>7,690,603</u>
Total Net Position - Ending	<u><u>\$ 2,267,505</u></u>	<u><u>\$ 5,706,363</u></u>	<u><u>\$ 7,973,868</u></u>

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

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

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from Customers	\$ 502,408	\$ 674,324	\$ 1,176,732
Payments to Suppliers	(142,879)	(472,781)	(615,660)
Payments to Employees	(182,812)	(67,680)	(250,492)
Net Cash Provided (Used) by Operating Activities	<u>176,717</u>	<u>133,863</u>	<u>310,580</u>
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities			
Purchases and Construction of Capital Assets	(28,632)	(144,380)	(173,012)
Receipts from Capital Grants	39,850	77,973	117,823
Principal Paid on Capital Debt	(12,929)	(59,996)	(72,925)
Interest Paid on Capital Debt	(21,173)	(54,420)	(75,593)
Net Cash Used by Capital and Related Financing Activities	<u>(22,884)</u>	<u>(180,823)</u>	<u>(203,707)</u>
Cash Flows From Investing Activities			
Interest and Dividends	31,871	9,291	41,162
Net Cash Provided (Used) by Investing Activities	<u>31,871</u>	<u>9,291</u>	<u>41,162</u>
Net Increase (Decrease) in Cash and Cash Equivalents	185,704	(37,669)	148,035
Cash and Cash Equivalents - Beginning	<u>887,488</u>	<u>1,316,790</u>	<u>2,204,278</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,073,192</u></u>	<u><u>\$ 1,279,121</u></u>	<u><u>\$ 2,352,313</u></u>
Displayed As:			
Cash	\$ 786,436	\$ 1,143,348	\$ 1,929,784
Restricted Cash	286,756	135,773	422,529
	<u><u>\$ 1,073,192</u></u>	<u><u>\$ 1,279,121</u></u>	<u><u>\$ 2,352,313</u></u>

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

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

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 77,425	\$ 120,354	\$ 197,779
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	105,950	28,877	134,827
(Increase) Decrease in Accounts Receivable	(14,353)	(20,634)	(34,987)
(Increase) Decrease in Deferred Outflows	18,387	15,323	33,710
Increase (Decrease) in Accounts Payable	(4,992)	(5,221)	(10,213)
Increase (Decrease) in Salaries & Benefits Payable	418	270	688
Increase (Decrease) in Compensated Absences	349	283	632
Increase (Decrease) in Net Pension Liability	(8,208)	(6,840)	(15,048)
Increase (Decrease) in Deferred Inflows	1,741	1,451	3,192
Net Cash Provided (Used) by Operating Activities	<u>\$ 176,717</u>	<u>\$ 133,863</u>	<u>\$ 310,580</u>

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

City of Parma, Idaho
Statement of Fiduciary Net Position -
Fiduciary Funds
September 30, 2024

	Purpose Trust Fund
Assets	
Cash and Cash Equivalents	<u>\$ 93,535</u>
Liabilities	
	<u>-</u>
Net Position	
Net Position Held in Trust	<u><u>\$ 93,535</u></u>

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

City of Parma, Idaho
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Year Ended September 30, 2024

	Purpose Trust Fund
Additions:	
Contributions	\$ 23,372
Change in Net Position	23,372
Net Position - Beginning	70,163
Net Position - Ending	\$ 93,535

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

For financial reporting purposes, management has considered all potential component units which are controlled or whose boards are appointed by the City Parma. Control by the City was determined on the basis of budget adoption, the selection of management, ability to significantly influence operations, accountability for fiscal matters, and other factors. Based on these criteria, there were no component units included in the City's report.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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

- Indirect expenses—expenses of the general government related to the administration and support of the City’s programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

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

The City reports the following major governmental funds:

- *General fund.* This is the City’s primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Street fund.* This fund accounts for the activities related to the City’s roads and streets.

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

The City reports the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City’s water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the operations and collections of the City’s sewer system.

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

Additionally, the City reports the following fund types:

- *Private Purpose Trust Fund.* This fund type accounts for the resources legally held in trust for Old Fort Boise and for a splash pad. Earnings on invested resources may be used to support Old Fort Boise and the splash pad. The principal of the fund shall be preserved as capital.

Basis of Accounting

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

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

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

Fund Balance Reporting in Governmental Funds

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

The City uses the following fund balance categories in the governmental fund Balance Sheet:

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

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

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

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

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

In the Street fund, external parties require that property taxes, grants, and intergovernmental revenues are to be used to maintain, build, or improve the City's roads and streets.

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All trade receivables are shown net of an allowance for doubtful accounts. As of September 30, 2024, there were no allowances in any of the funds.

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

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

Capital Assets

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

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

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Buildings and Improvements	\$5,000	Straight-Line	10 – 50 Years
Equipment and Vehicles	\$5,000	Straight-Line	3 – 30 Years

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

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

Compensated Absences

The City uses the vesting method to compute compensated absences awarded to employees.

Pensions

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the City's deposits was \$1,381,825 and the respective bank balances totaled \$1,502,009 . \$1,000,000 of the bank balance was insured through the Federal Depository Insurance Corporation (FDIC).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, \$502,009 of the City's deposits were not covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were exposed to credit risk. The City also had \$149 of petty cash on hand. The City does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

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

Interest Rate Risk

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

Investments

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

It is the City's policy to limit investments to the safest types of securities and to diversify the City's investment portfolio so that potential losses on securities will be minimized. The City follows Idaho Statute that outlines qualifying investment options as follows:

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

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

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

Investment Type	Fair Value	Maturity (In Years) Less Than 1
External Investment Pool	\$ 3,430,339	\$ 3,430,339
	<u>\$ 3,430,339</u>	<u>\$ 3,430,339</u>

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

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Cash and cash equivalents	\$ (476,417)	\$ 1,858,391	\$93,535	\$ 1,475,509
Investments categorized as deposits	2,936,417	71,393	-	3,007,810
Restricted	-	422,529	-	422,529
	<u>\$ 2,460,000</u>	<u>\$ 2,352,313</u>	<u>\$93,535</u>	<u>\$ 4,905,848</u>

The City has set aside \$422,529 in accordance with debt restrictions.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing of \$63,063 due from the State of Idaho.

4. PROPERTY TAXES

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

5. PENSION PLAN

Plan Description

The City of Parma, Idaho contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political

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

subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City of Parma, Idaho's contributions were \$82,389 the year ended September 30, 2024.

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

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

At September 30, 2024, the City of Parma, Idaho reported a liability (asset) for its proportionate share of the net pension liability (asset.) The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City of Parma, Idaho's proportion of the net pension liability (asset) was based on the City of Parma Idaho's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At September 30, 2024, the City of Parma, Idaho's proportion was 0.0142492 percent.

For the year ended September 30, 2024, the City of Parma recognized pension expense/ (revenue) of \$146,953 . At September 30, 2024, the City of Parma, Idaho 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	\$ 84,860	\$ -
Changes in assumptions or other inputs	21,115	-
Net difference between projected and actual earnings on pension plan investments	-	9,675
City of Parma, Idaho's contributions subsequent to the measurement date	24,217	-
Total	\$ 130,193	\$ 9,675

\$24,217 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024, the beginning of the measurement period ended June 30, 2023, is 4.6 and 4.6 for the measurement period June 30, 2024.

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

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

For the Year Ended September 30:	PERSI
2025	\$ 50,525
2026	99,381
2027	(17,138)
2028	(12,250)

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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expense
Cost-of-living 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%
Teachers - Males Pub-2010 Teacher Tables, increased 12%
Teachers - Females Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males Pub-2010 Safety Tables, increased 21%
Fire & Police - Females Pub-2010 Safety Tables, increased 26%
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

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

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

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

ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0%
Total	100.00%

Discount Rate

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

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 1,012,889	\$ 533,012	\$ 141,075

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.

6. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in accumulated vacation are as follows:

	<u>9/30/2023</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2024</u>	<u>Current</u>
Governmental Activities	\$ 19,294	\$ 12,887	\$(19,679)	\$ 12,502	\$ 12,502
Business-type Activities	6,119	17,540	(16,908)	6,751	6,751
	<u>\$ 25,413</u>	<u>\$ 30,427</u>	<u>\$(36,587)</u>	<u>\$ 19,253</u>	<u>\$ 19,253</u>

7. OTHER COMMITMENTS

The City has credit cards with a total credit limit of \$40,000. At September 30, 2024, \$4,090 of the available credit was in use.

8. RISK MANAGEMENT

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

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

9. CAPITAL ASSETS

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

	<u>9/30/2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2024</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 145,760	\$ -	\$ -	\$ 145,760
Total	<u>145,760</u>	<u>-</u>	<u>-</u>	<u>145,760</u>
Capital Assets Being Depreciated:				
Buildings	1,140,763	43,827	9,638	1,174,952
Improvements	2,508,899	-	207,609	2,301,290
Equipment	<u>676,315</u>	<u>175,758</u>	<u>124,416</u>	<u>727,657</u>
Total Historical Cost	<u>4,325,977</u>	<u>219,585</u>	<u>341,663</u>	<u>4,203,899</u>
Less: Accumulated Depreciation				
Buildings	417,123	27,941	6,794	438,270
Improvements	1,639,562	104,349	95,505	1,648,406
Equipment	<u>520,187</u>	<u>150,368</u>	<u>124,416</u>	<u>546,139</u>
Total Accumulated Depreciation	<u>2,576,872</u>	<u>282,658</u>	<u>226,715</u>	<u>2,632,815</u>
Net Depreciable Assets	<u>1,749,105</u>	<u>(63,073)</u>	<u>114,948</u>	<u>1,571,084</u>
Governmental Activities - Net	<u>\$ 1,894,865</u>	<u>\$ (63,073)</u>	<u>\$ 114,948</u>	<u>\$ 1,716,844</u>
<u>Business-type Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Easments	\$ 44,325	\$ -	\$ -	\$ 44,325
Construction in Progress	<u>8,331,538</u>	<u>115,749</u>	<u>-</u>	<u>8,447,287</u>
Total	<u>8,375,863</u>	<u>115,749</u>	<u>-</u>	<u>8,491,612</u>
Capital Assets Being Depreciated:				
Buildings	221,766	-	-	221,766
Improvements	4,949,731	-	-	4,949,731
Equipment	<u>453,341</u>	<u>213,618</u>	<u>31,424</u>	<u>635,535</u>
Total Historical Cost	<u>5,624,838</u>	<u>213,618</u>	<u>31,424</u>	<u>5,807,032</u>
Less: Accumulated Depreciation				
Buildings	122,960	5,544	-	128,504
Improvements	3,332,754	109,187	-	3,441,941
Equipment	<u>377,108</u>	<u>176,451</u>	<u>31,424</u>	<u>522,135</u>
Total Accumulated Depreciation	<u>3,832,822</u>	<u>291,182</u>	<u>31,424</u>	<u>4,092,580</u>
Net Depreciable Assets	<u>1,792,016</u>	<u>(77,564)</u>	<u>-</u>	<u>1,714,452</u>
Business-type Activities - Net	<u>\$ 10,167,879</u>	<u>\$ 38,185</u>	<u>\$ -</u>	<u>\$ 10,206,064</u>

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

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

Governmental Activities:	
General	\$ 30,900
Public Safety	43,247
Street	66,084
Airport	24,664
Culture and Recreation	<u>27,900</u>
	<u>\$ 192,795</u>
Business-type Activities	
Water	\$ 105,950
Sewer	<u>28,877</u>
	<u>\$ 134,827</u>

No interest was capitalized in the enterprise funds.

10. LONG-TERM LIABILITIES

Business-type Activities – Water Fund Bond Payable

The City issued \$900,000 of Series 2000 Revenue Bonds dated December 2001, with a maturity date of 2032, and bearing interest at 4.75% per annum. Payments are due in December of each year. The Bonds were issued to pay for domestic water system upgrades.

Business-type Activities – Sewer Fund Note Payable

The City refinanced a loan with the State Department of Environmental Quality issued in 2001, with proceeds from a loan with the Idaho Bond Bank Authority in the amount of \$510,000.

The City obtained interim financing through a Sewer Bond Anticipation Note in 2021 for a Wastewater Treatment Plant project. The note was paid off through a combination of grants and loans through U.S. Department of Agriculture in 2022. The two loans were in the amount of \$1,915,000 and \$2,382,000.

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

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

Description	Maturity	Rate	Required Reserve	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
<u>Governmental Activities:</u>								
Police Car	2024	6.70%	N/A	\$ 26,779	\$ -	\$ (19,191)	\$ 7,588	\$ 7,588
John Deere Backhoe	2029	5.95%	N/A	-	85,896	(12,280)	73,616	13,029
				<u>\$ 26,779</u>	<u>\$ 85,896</u>	<u>\$ (31,471)</u>	<u>\$ 81,204</u>	<u>\$ 20,617</u>
<u>Business-type Activities:</u>								
Water Bond	2032	4.75%	\$125,158	\$ 408,877	\$ -	\$ (37,467)	\$ 371,410	\$ 39,247
Sewer Bond 92-06	2062	1.25%		1,877,791	-	(37,674)	1,840,117	38,081
Sewer Bond 92-04	2062	1.25%		2,335,717	-	(46,862)	2,288,855	47,369
Water - Backhoe	2029	5.95%	N/A	-	28,632	(4,094)	24,538	4,343
Sewer - Backhoe	2029	5.95%	N/A	-	28,632	(4,093)	24,539	4,343
				<u>\$4,622,385</u>	<u>\$ 57,264</u>	<u>\$ (130,190)</u>	<u>\$4,549,459</u>	<u>\$ 133,383</u>

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

Year Ending September 30,	<u>Business-type Activities</u>		<u>Business-type Activities</u>		<u>Governmental Activities</u>	
	<u>Bonds and Notes</u>		<u>Municipal Lease</u>		<u>Municipal Lease</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 124,697	\$ 69,395	\$ 8,686	\$ 3,001	\$ 20,617	\$ 4,957
2026	127,771	66,322	9,217	2,470	13,826	3,705
2027	130,807	63,286	9,781	1,906	14,671	2,859
2028	133,950	60,143	10,379	1,308	15,569	1,962
2029	137,073	57,020	11,014	673	16,521	1,010
2030 - 2034	622,400	236,957	-	-	-	-
2035 - 2039	496,699	189,321	-	-	-	-
2040 - 2044	528,542	157,478	-	-	-	-
2045 - 2049	562,366	123,654	-	-	-	-
2050 - 2054	598,499	87,521	-	-	-	-
2055 - 2059	636,868	49,152	-	-	-	-
2060 - 2064	400,710	10,058	-	-	-	-
	<u>\$4,500,382</u>	<u>\$1,170,307</u>	<u>\$ 49,077</u>	<u>\$ 9,358</u>	<u>\$ 81,204</u>	<u>\$ 14,493</u>

Total interest incurred and expenses was and for the water and sewer funds respectively. No interest was capitalized during the period.

The Water Bond reserve and Sewer Bond reserve were both fully funded.

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

11. LESSOR AGREEMENTS

In July of 2019 the building used by the United State Post Office and was built on land that the City owns was donated to the City. At that time a new five-year lease was negotiated with the United State Post Office. The future payments expected are as follows:

Year Ending September 30,	Amount
2025	\$ 57,500
2026	57,500
2027	57,500
2028	57,500
2029	43,125
	<u>\$ 273,125</u>

Lease income for the year ended September 30, 2024 was \$58,525 .

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	\$ 559,217	\$ 559,217	\$ 563,582	\$ 4,365
Licenses and Permits	72,470	72,470	48,443	(24,027)
Intergovernmental	371,036	371,036	290,886	(80,150)
Charges for Services	125,800	125,800	171,202	45,402
Interest Earned	1,000	1,000	119,647	118,647
Other	43,800	43,800	54,272	10,472
Total Revenues	<u>1,173,323</u>	<u>1,173,323</u>	<u>1,248,032</u>	<u>74,709</u>
Expenditures				
Current:				
General Government	227,582	227,582	212,649	14,933
Public Safety	806,890	806,890	591,990	214,900
Culture and Recreation	126,155	126,155	76,826	49,329
Capital Outlay	241,093	241,093	103,553	137,540
Total Expenditures	<u>1,401,720</u>	<u>1,401,720</u>	<u>985,018</u>	<u>416,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(228,397)</u>	<u>(228,397)</u>	<u>263,014</u>	<u>491,411</u>
Other Financing Sources (Uses)				
Transfer In	215,397	215,397	-	(215,397)
Total Other Financing Sources (Uses)	<u>215,397</u>	<u>215,397</u>	<u>-</u>	<u>(215,397)</u>
Net Change in Fund Balances	(13,000)	(13,000)	263,014	276,014
Fund Balances - Beginning	13,000	13,000	1,351,598	1,338,598
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614,612</u>	<u>\$ 1,614,612</u>

City of Parma, Idaho
 Budgetary (GAAP Basis) Comparison Schedule - Street Fund
 For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	\$ 124,933	\$ 124,933	\$ 183,895	\$ 58,962
Intergovernmental	228,494	228,494	225,040	(3,454)
Interest Earned	100	100	12,814	12,714
Other	3,000	3,000	23,193	20,193
Total Revenues	<u>356,527</u>	<u>356,527</u>	<u>444,942</u>	<u>88,415</u>
Expenditures				
Current:				
Highways and Streets	202,706	202,706	164,379	38,327
Capital Outlay	<u>141,593</u>	<u>141,593</u>	<u>101,887</u>	<u>39,706</u>
Total Expenditures	<u>344,299</u>	<u>344,299</u>	<u>266,266</u>	<u>78,033</u>
Net Change in Fund Balances	12,228	12,228	178,676	166,448
Fund Balances - Beginning	<u>(12,228)</u>	<u>(12,228)</u>	<u>532,776</u>	<u>545,004</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711,452</u>	<u>\$ 711,452</u>

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

1. BUDGETS AND BUDGETARY ACCOUNTING

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

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

City of Parma, Idaho
Schedule of Required Supplemental Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the City's Proportionate Share of Net Pension Liability

Year	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0142492%	\$ 533,012	\$ 671,097	79.42%	85.54%
2023	0.0144991%	578,613	635,478	91.05%	83.83%
2022	0.0146470%	576,910	594,921	96.97%	83.09%
2021	0.0148825%	(11,754)	546,864	-2.15%	100.36%
2020	0.0155562%	361,236	563,073	64.15%	88.22%
2019	0.0159935%	182,561	540,238	33.79%	93.79%
2018	0.0145695%	214,903	466,866	46.03%	91.69%
2017	0.0153087%	240,626	456,215	52.74%	90.68%
2016	0.0160643%	325,648	458,503	71.02%	87.26%
2015	0.0164239%	216,276	462,040	46.81%	91.38%

Data reported is measured as of June 30, 2024

Schedule of City Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2024	\$ 82,389	\$ 82,389	\$ -	\$ 671,097	12.28%
2023	76,868	76,868	-	671,097	11.45%
2022	71,836	71,836	-	594,921	12.07%
2021	66,098	66,098	-	546,864	12.09%
2020	68,089	68,089	-	563,073	12.09%
2019	62,636	62,636	-	540,238	11.59%
2018	53,523	53,523	-	466,866	11.46%
2017	52,246	52,246	-	456,215	11.45%
2016	52,506	52,506	-	458,503	11.45%
2015	52,928	52,928	-	462,040	11.46%

Data reported is measured as of September 30, 2024

SUPPLEMENTAL INFORMATION

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes:			
Property Taxes	\$ 559,217	\$ 563,582	\$ 4,365
Total Taxes			
Intergovernmental:			
State Liquor Apportionment	39,215	37,346	(1,869)
Inventory Phase-out	30,000	5,968	(24,032)
State Revenue Sharing	251,821	237,579	(14,242)
Grants	50,000	9,993	(40,007)
Total Intergovernmental	<u>371,036</u>	<u>290,886</u>	<u>(80,150)</u>
Licenses and Permits:			
Beer, Wine, and Liquor Licenses	1,100	320	(780)
Building Permits	70,000	47,263	(22,737)
Animal Licenses	1,250	860	(390)
Miscellaneous Licenses	120	-	(120)
Total Licenses and Permits	<u>72,470</u>	<u>48,443</u>	<u>(24,027)</u>
Charges for Services:			
Planning and Zoning Fees	20,000	6,548	(13,452)
Leases	52,800	58,525	5,725
Police Contract	43,000	92,824	49,824
Old Fort Boise Parking	10,000	13,305	3,305
Total Charges and Services	<u>125,800</u>	<u>171,202</u>	<u>45,402</u>
Other:			
Refunds and Reimbursements	5,000	23	(4,977)
Franchise Fees	17,500	15,427	(2,073)
Interest Earned	1,000	119,647	118,647
Miscellaneous	21,300	38,822	17,522
Transfer In	215,397	-	(215,397)
Total Other	<u>260,197</u>	<u>173,919</u>	<u>(86,278)</u>
Total Revenue	<u><u>\$ 1,388,720</u></u>	<u><u>\$ 1,248,032</u></u>	<u><u>\$ (140,688)</u></u>

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

	Budget	Actual	Variance
General Government:			
Mayor and Council:			
Personal Services	\$ 42,599	\$ 42,830	\$ (231)
Administration:			
Personal Services	20,059	26,228	(6,169)
Capital Outlay	2,000	(1,018)	3,018
Total Administration	22,059	25,210	(3,151)
Other General Government			
Personal Services	66,444	46,027	20,417
Supplies	10,500	9,066	1,434
Other Services and Charges	85,980	89,516	(3,536)
Capital Outlay	37,000	49,392	(12,392)
Total Other General Government	199,924	194,001	5,923
Total General Government	264,582	262,041	2,541
Public Safety:			
Law Enforcement			
Personal Services	547,969	470,472	77,497
Supplies	24,200	10,614	13,586
Other Services and Charges	161,471	66,536	94,935
Capital Outlay	140,000	36,951	103,049
Total Law Enforcement	873,640	584,573	289,067
Building Inspection:			
Other Services and Charges	70,000	41,670	28,330
Animal Control:			
Other Services and Charges	3,250	2,698	552
Total Public Safety	946,890	628,941	317,949
Culture and Recreation:			
Park:			
Personal Services	92,355	65,190	27,165
Supplies	7,000	(10,294)	17,294
Other Services and Charges	26,800	21,930	4,870
Capital Outlay	64,093	17,210	46,883
Total Culture and Recreation	190,248	94,036	96,212
Total Expenditures	\$ 1,401,720	\$ 985,018	\$ 416,702

City of Parma, Idaho
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2024

	<u>Library</u>	<u>Airport</u>	<u>Recreation</u>	<u>Impact Fees</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ 37,325	\$ 69,547	\$ 34,804	\$ 41,930	\$ 183,606
Receivables, Net:					
Property Tax	2,530	1,100	1,743	-	\$ 5,373
Total Assets	<u>\$ 39,855</u>	<u>\$ 70,647</u>	<u>\$ 36,547</u>	<u>\$ 41,930</u>	<u>\$ 188,979</u>
Liabilities					
Accounts Payable	\$ 370	\$ 330	\$ 5,000	\$ -	\$ 5,700
Salaries and Benefits Payable	449	126	188	-	763
Total Liabilities	<u>819</u>	<u>456</u>	<u>5,188</u>	<u>-</u>	<u>6,463</u>
Deferred Inflows					
Unavailable Revenue - Property Taxes	<u>2,138</u>	<u>930</u>	<u>1,473</u>	<u>-</u>	<u>4,541</u>
Fund Balances					
Restricted	<u>36,898</u>	<u>69,261</u>	<u>29,886</u>	<u>41,930</u>	<u>177,975</u>
Total Fund Balances	<u>36,898</u>	<u>69,261</u>	<u>29,886</u>	<u>41,930</u>	<u>177,975</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 39,855</u>	<u>\$ 70,647</u>	<u>\$ 36,547</u>	<u>\$ 41,930</u>	<u>\$ 188,979</u>

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

	<u>Library</u>	<u>Airport</u>	<u>Recreation</u>	<u>Impact Fees</u>	<u>Total</u>
Revenues					
Property Taxes	\$ 51,750	\$ 22,255	\$ 35,523	\$ -	\$ 109,528
Intergovernmental	3,500	-	550	-	4,050
Charges for Services	1,007	14,058	37,911	-	52,976
Impact Fees	-	-	-	24,610	24,610
Interest Earned	858	3,618	70	-	4,546
Other	34,450	-	5,000	-	39,450
Total Revenues	<u>91,565</u>	<u>39,931</u>	<u>79,054</u>	<u>24,610</u>	<u>235,160</u>
Expenditures					
Current:					
Airport	-	24,270	-	-	24,270
Culture and Recreation	51,593	-	95,222	-	146,815
Impact Fees	-	-	-	12,904	12,904
Capital Outlay	-	13,610	5,699	-	19,309
Total Expenditures	<u>51,593</u>	<u>37,880</u>	<u>100,921</u>	<u>12,904</u>	<u>203,298</u>
Net Change in Fund Balances	39,972	2,051	(21,867)	11,706	31,862
Fund Balances - Beginning	<u>(3,074)</u>	<u>67,210</u>	<u>51,753</u>	<u>30,224</u>	<u>146,113</u>
Fund Balances - Ending	<u>\$ 36,898</u>	<u>\$ 69,261</u>	<u>\$ 29,886</u>	<u>\$ 41,930</u>	<u>\$ 177,975</u>

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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

Honorable Mayor and City Council
City of Parma
Parma, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parma as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Parma's basic financial statements, and have issued our report thereon dated May 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Parma's internal control over financial reporting (internal control) as a basis for designing 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 Parma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Parma's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Parma'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
May 28, 2025

City of Parma, Idaho
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-001

Material Weakness in Internal Control over Financial Reporting—Late Bank Reconciliations

Criteria: Bank reconciliations are an important control activity needed to adequately monitor the entity's assets and ensure accurate financial reporting.

Condition: Presently, bank reconciliations are not being done on a timely basis.

Context: We observed that bank reconciliations were not being done on a timely basis. We noted when we came to perform the audit, that some of bank reconciliations were being done more than 1 year after the months they were for.

Effect or Potential Effect: Without sufficient timely bank reconciliations, the risk significantly increases that errors and fraud related to the cash balances, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: The entity's limited size and lack of staff training have made it difficult for management to have sufficient time to complete reconciliations on a timely basis.

Recommendation: Management and the board should request that monthly bank reconciliations be present to them to review and confirm that reconciliations are being done monthly for all cash accounts. They should make sure that staff have the necessary time and training to make sure that this is done.

Views of Responsible Official(s) and Planned Corrective Actions: Management is working to catch up on all bank reconciliations and will work to make sure that this is a top priority that is completed every month.