CITY OF PARMA, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2023

Table of Contents

ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS
Zwygart John & Associates CPAs, PLLC
16130 North Merchant Way, Suite 120 ◆ Nampa, Idaho 83687
Phone: 208-459-4649 ◆ FAX: 208-229-0404

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, 2023, 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, 2023, 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 38 through 41 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 October 16, 2024, 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
October 16, 2024

City of Parma, Idaho
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 1,998,852	$ 1,864,586	$ 3,863,438
Property Taxes Receivable, Net	31,612	-	31,612
Accounts Receivable, Net	-	132,506	132,506
Prepaid Items	-	-	-
Due from Other Governments	62,439	-	62,439
Total Current Assets	2,092,903	1,997,092	4,089,995
Noncurrent Assets:			
Restricted Cash	-	339,692	339,692
Right of Use Asset, Net of Accumulated Amortization	85,895	57,263	143,158
Capital Assets:			
Land and Construction in Progress	145,760	8,375,863	8,521,623
Buildings, Net	723,640	98,806	822,446
Improvements, Net	869,337	1,616,977	2,486,314
Equipment, Net	156,128	76,233	232,361
Total Noncurrent Assets	1,980,760	10,564,834	12,545,594
Total Assets	4,073,663	12,561,926	16,635,589
Deferred Outflows			
Pension Related Items	155,669	76,675	232,344
Total Deferred Outflows	155,669	76,675	232,344
Liabilities			
Current Liabilities:			
Accounts Payable	20,705	19,772	40,477
Salaries and Benefits Payable	10,715	4,097	14,812
Accrued Interest Payable	417	47,420	47,837
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Bond Payable	-	122,003	122,003
Municipal Lease	19,191	-	19,191
Right-of-Use Lease Liability - Current	12,278	8,186	20,464
Compensated Absences	19,294	6,119	25,413
Portion Due or Payable After One Year:			
Bond Payable	-	4,500,381	4,500,381
Municipal Lease	7,588	-	7,588
Right-of-Use Lease Liability	73,617	49,077	122,694
Net Pension Liability	387,670	190,943	578,613
Total Liabilities	551,475	4,947,998	5,499,473
Deferred Inflows			
Pension Related Items	-	-	-
Total Deferred Inflows	-	-	-
Net Position			
Invested in Capital Assets, Net of Related Debt	1,980,760	5,942,450	7,923,210
Restricted for:			
Debt Reserve	-	339,692	339,692
Streets & Alleys	532,777	-	532,777
Other	115,889	-	115,889
Unrestricted (Deficit) Surplus	1,048,431	1,408,461	2,456,892
Total Net Position	$ 3,677,857	$ 7,690,603	$ 11,368,460

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

City of Parma, Idaho
Statement of Activities
For the Year Ended September 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	$ 219,260	$ 222,362	$ -	$ -	$ 3,102	$ -	$ 3,102
Public Safety	690,352	-	-	-	(690,352)	-	(690,352)
Highways and Streets	285,093	-	-	98,752	(186,341)	-	(186,341)
Airport	56,933	11,140	-	-	(45,793)	-	(45,793)
Culture and Recreation	303,965	47,590	-	-	(256,375)	-	(256,375)
Impact Fees	19,518	49,742			30,224	-	30,224
Total Governmental Activities	1,575,121	330,834	-	98,752	(1,145,535)	-	(1,145,535)
Business-type Activities:							
Water	534,744	526,908	-	225	-	(7,611)	(7,611)
Sewer	362,261	756,569	-	387,009	-	781,317	781,317
Total Business-type Activities	897,005	1,283,477	-	387,234	-	773,706	773,706
Total Primary Government	$ 2,472,126	$ 1,614,311	$ -	$ 485,986	(1,145,535)	773,706	(371,829)

	Governmental Activities	Business-type Activities	Total
General Revenues:			
Property Taxes	774,107	-	774,107
State Sources	398,796	-	398,796
Franchise Fees	17,731	-	17,731
Drug Enforcement Money	-	-	-
Other	104,612	139	104,751
Unrestricted Investment Earnings	66,570	9,790	76,360
Transfer between Governmental Funds	-	-	-
Disposal of Capital Assets	-	-	-
Total General Revenues and Special Items	1,361,816	9,929	1,371,745
Change in Net Position	216,281	783,635	999,916
Net Position, Beginning of Year	3,461,576	6,906,968	10,368,544
Net Position, End of Year	$ 3,677,857	$ 7,690,603	$ 11,368,460

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

City of Parma, Idaho
Balance Sheet - Governmental Funds
September 30, 2023

	General	Street	Impact Fees	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 1,310,744	$ 536,080	$ 30,224	$ 121,804	$ 1,998,852
Receivables, Net:					
Property Tax	24,320	3,473	-	3,819	31,612
Due from Other Governments	62,439	-	-	-	62,439
Total Assets	1,397,503	539,553	30,224	125,623	2,092,903
Liabilities					
Accounts Payable	14,047	2,383	-	4,275	20,705
Internal Balances					
Salaries and Benefits Payable	8,012	989	-	1,714	10,715
Total Liabilities	22,059	3,372	-	5,989	31,420
Deferred Inflows					
Unavailable Revenue - Property Taxes	23,846	3,404	-	3,745	30,995
Fund Balances					
Restricted	-	532,777	30,224	118,964	681,965
Unassigned	1,351,598	-	-	(3,075)	1,348,523
Total Fund Balances	1,351,598	532,777	30,224	115,889	2,030,488
Total Liabilities, Deferred Inflows and Fund Balances	$ 1,397,503	$ 539,553	$ 30,224	$ 125,623	$ 2,092,903

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, 2023

Total Fund Balances - Governmental Funds		$ 2,030,488
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 $417,123 Accumulated Depreciation	723,640	
Improvements, Net of $1,639,562 Accumulated Depreciation	869,337	
Equipment, Net of $520,187 Accumulated Depreciation	156,128	
Total Capital Assets		1,894,865
Cost of right-of-use lease assets	$ 103,426	
Accumulated Amortization	(17,531)	
		85,895
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.		30,995
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	$ (19,294)	
Right-of-Use Lease Liability	(85,895)	
Municipal Lease	(26,779)	
Accrued Interest	(417)	
		(132,385)
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	$ (387,670)	
Pension Related Deferred Outflows	155,669	
		(232,001)
Net Position of Governmental Activities		$ 3,677,857

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, 2023

	General	Street	Impact Fees	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	$ 572,334	$ 91,375	$ -	$ 107,868	$ 771,577
Licenses and Permits	98,527	-	-	-	98,527
Intergovernmental	323,971	171,224	-	2,353	497,548
Charges for Services	138,024	-	-	44,541	182,565
Impact Fees	-	-	49,742	-	49,742
Interest Earned	37,820	20,636	-	8,114	66,570
Other	72,100	5,697	-	44,546	122,343
Total Revenues	1,242,776	288,932	49,742	207,422	1,788,872
Expenditures					
Current:					
Administrative	172,433	-	-	3,043	175,476
Public Safety	711,327	-	-	-	711,327
Highways and Streets	-	125,470	-	-	125,470
Airport	-	-	-	23,547	23,547
Culture and Recreation	92,331	-	-	152,793	245,124
Impact Fees	-	-	19,518	-	19,518
Capital Outlay	29,074	84,379	-	24,926	138,379
Total Expenditures	1,005,165	209,849	19,518	204,309	1,438,841
Excess (Deficiency) of Revenues Over Expenditures)	237,611	79,083	30,224	3,113	350,031
Net Change in Fund Balances	237,611	79,083	30,224	3,113	350,031
Fund Balances - Beginning	1,113,987	453,694	-	112,776	1,680,457
Fund Balances - Ending	$ 1,351,598	$ 532,777	$ 30,224	$ 115,889	$ 2,030,488

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, 2023

Total Net Change in Fund Balance - Governmental Funds		$ 350,031
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	$ 100,657	
Depreciation Expense	(192,263)	
Net		(91,606)
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		2,530
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.		(5,783)
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.		(38,891)
Change in Net Position of Governmental Activities		$ 216,281

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

City of Parma, Idaho
Statement of Net Position -
Proprietary Funds
September 30, 2023

	Water	Sewer	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 669,568	$ 1,195,018	$ 1,864,586
Accounts Receivable, Net	56,385	76,121	132,506
Total Current Assets	725,953	1,271,139	1,997,092
Noncurrent Assets:			
Restricted Cash	217,919	121,773	339,692
Right of Use Asset, Net of Accumulated Amortization	28,631	28,632	57,263
Capital Assets:			
Land and Construction in Progress	11,325	8,364,538	8,375,863
Buildings, Net	98,806	-	98,806
Improvements, Net	1,525,875	91,102	1,616,977
Equipment, Net	60,245	15,988	76,233
Total Noncurrent Assets	1,942,801	8,622,033	10,564,834
Total Assets	2,668,754	9,893,172	12,561,926
Deferred Outflows			
Pension Related Items	41,823	34,852	76,675
Total Deferred Outflows	41,823	34,852	76,675
Liabilities			
Current Liabilities:			
Accounts Payable	7,954	11,818	19,772
Salaries and Benefits Payable	3,081	1,016	4,097
Compensated Absences	3,042	3,077	6,119
Accrued Interest Payable	15,963	31,457	47,420
Bonds, Notes, and Loans Payable	37,467	84,536	122,003
Right-of-Use Lease Liability - Current	4,093	4,093	8,186
Total Current Liabilities	71,600	135,997	207,597
Noncurrent Liabilities:			
Bonds, Notes, and Loans Payable	371,409	4,128,972	4,500,381
Right-of-Use Lease Liability	24,538	24,539	49,077
Net Pension Liability	104,961	85,982	190,943
Total Noncurrent Liabilities	500,908	4,239,493	4,740,401
Total Liabilities	572,508	4,375,490	4,947,998
Deferred Inflows			
Pension Related Items	-	-	-
Total Deferred Inflows	-	-	-
Net Position			
Invested in Capital Assets, Net of Related Debt	1,320,749	4,338,563	5,659,312
Restricted - Debt Reserve	217,919	121,773	339,692
Unrestricted	599,401	1,092,198	1,691,599
Total Net Position	$ 2,138,069	$ 5,552,534	$ 7,690,603

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, 2023

	Water	Sewer	Total
Operating Revenues			
Charges for Services	$ 526,908	$ 756,569	$ 1,283,477
Miscellaneous	139	-	139
Total Operating Revenues	527,047	756,569	1,283,616
Operating Expenses			
Salaries	138,414	46,701	185,115
Benefits	69,900	48,972	118,872
Supplies and Operations	87,573	61,630	149,203
Professional Services	24,582	20,734	45,316
Utilities	44,141	30,899	75,040
Repairs and Maintenance	16,650	39,819	56,469
Miscellaneous	16,713	8,047	24,760
Depreciation	107,035	27,638	134,673
Total Operating Expenses	505,008	284,440	789,448
Income (Loss) From Operations	22,039	472,129	494,168
Nonoperating Revenues (Expenses)			
Interest Earned	7,370	2,420	9,790
Interest Expense	(29,736)	(77,821)	(107,557)
Grants and Contributions	225	387,009	387,234
Total Nonoperating Revenues (Expenses)	(22,141)	311,608	289,467
Change in Net Position	(102)	783,737	783,635
Total Net Position - Beginning	2,138,171	4,768,797	6,906,968
Total Net Position - Ending	$ 2,138,069	$ 5,552,534	$ 7,690,603

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, 2023

	Water	Sewer	Total
Cash Flows From Operating Activities			
Receipts from Customers	$ 533,844	$ 755,394	$ 1,289,238
Payments to Suppliers	(186,408)	(557,347)	(743,755)
Payments to Employees	(191,759)	(83,066)	(274,825)
Net Cash Provided (Used) by Operating Activities	155,677	114,981	270,658
Cash Flows From Noncapital Financing Activities			
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	-
Cash Flows From Capital and Related Financing Activities			
Purchases and Construction of Capital Assets	-	(424,397)	(424,397)
Receipts from Capital Grants	225	387,009	387,234
Proceeds from Debt Financing		397,092	397,092
Principal Paid on Capital Debt	(35,768)	(104,536)	(140,304)
Interest Paid on Capital Debt	(31,132)	(63,723)	(94,855)
Net Cash Used by Capital and Related Financing Activities	(66,675)	191,445	124,770
Cash Flows From Investing Activities			
Interest and Dividends	7,370	2,420	9,790
Net Cash Provided (Used) by Investing Activities	7,370	2,420	9,790
Net Increase (Decrease) in Cash and Cash Equivalents	96,372	308,846	405,218
Cash and Cash Equivalents - Beginning	791,115	1,007,945	1,799,060
Cash and Cash Equivalents - Ending	$ 887,487	$ 1,316,791	$ 2,204,278
Displayed As:			
Cash	$ 669,568	$ 1,195,018	$ 1,864,586
Restricted Cash	217,919	121,773	339,692
	$ 887,487	$ 1,316,791	$ 2,204,278

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, 2023

	Water	Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 22,039	$ 472,129	$ 494,168
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	107,035	27,638	134,673
(Increase) Decrease in Accounts Receivable	6,797	(1,175)	5,622
(Increase) Decrease in Deferred Outflows	13,714	11,428	25,142
Increase (Decrease) in Accounts Payable	3,251	(396,218)	(392,967)
Increase (Decrease) in Compensated Absences	2,996	1,309	4,305
Increase (Decrease) in Net Pension Liability	307	256	563
Increase (Decrease) in Deferred Inflows	(462)	(386)	(848)
Net Cash Provided (Used) by Operating Activities	$ 155,677	$ 114,981	$ 270,658

City of Parma, Idaho
Statement of Fiduciary Net Position -
Fiduciary Funds
September 30, 2023

	Old Fort Boise Private - Purpose Trust Fund
Assets	
Short-term Investments	$ 22,557
Liabilities	-
Net Position	
Net Position Held in Trust	$ 22,557

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, 2023

	Old Fort Boise Private - Purpose Trust Fund
Additions:	
Investment Earnings:	
Interest	$ -
Change in Net Position	-
Net Position - Beginning	22,557
Net Position - Ending	$ 22,557

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

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.

- 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.

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. Earnings on invested resources may be used to support Old Fort Boise. 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.

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, 2023, 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.

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 Policy	Depreciation Method	Estimated Useful Life
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.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2023, the carrying amount of the City's deposits was $1,032,417 and the respective bank balances totaled $1,155,795. $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, 2023, $155,795 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.

The City's investments at September 30, 2023, are summarized below:

Investment Type	Fair Value	Maturity (In Years) Less Than 1
External Investment Pool	$ 3,170,564	$ 3,170,564
	$ 3,170,564	$ 3,170,564

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	$ (801,790)	$ 1,834,356	$ 22,557	$ 1,055,123
Investments categorized as deposits	2,800,642	30,230	-	2,830,872
Restricted	-	339,692	-	339,692
	$ 1,998,852	$ 2,204,278	$ 22,557	$ 4,225,687

The City has set aside $339,692 in accordance with debt restrictions.

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing of $62,439 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, 2023, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2023, 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

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, 2023, 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 of Parma, Idaho's contributions were $76,868 the year ended September 30, 2023.

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

At September 30, 2023, 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, 2023, 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, 2023, the City of Parma, Idaho's proportion was 0.014499 percent.

For the year ended September 30, 2023, the City of Parma recognized pension expense/ (revenue) of $152,185 . At September 30, 2023, 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	$ 99,179	$ -
Changes in assumptions or other inputs	57,295	-
Net difference between projected and actual earnings on pension plan investments	54,311	-
City of Parma, Idaho's contributions subsequent to the measurement date	21,558	-
Total	$ 232,344	$ -

$21,558 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, 2023.

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, 2022, the beginning of the measurement period ended June 30, 2022, is 4.6 and 4.6 for the measurement period June 30, 2023.

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:

For the Year Ended September 30:	PERSI
2024	$ 96,517
2025	35,226
2026	109,582
2027	(8,982)

Actuarial Assumptions

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

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

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expense
Cost-of-living 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, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 1,040,659	$ 578,613	$ 200,977

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:

	9/30/2022	Earned	Used	9/30/2023	Current
Governmental Activities	$ 13,511	$ 41,609	$ (35,826)	$ 19,294	$ 19,294
Business-type Activities	1,813	16,276	(11,971)	6,119	6,119
	$ 15,324	$ 57,885	$ (47,797)	$ 25,413	$ 25,413

7. OTHER COMMITMENTS

The City has credit cards with a total credit limit of $40,000. At September 30, 2023, $1,908 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.

9. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	9/30/22	Additions	Disposals	9/30/23
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 145,760	$ -	$ -	$ 145,760
Total	145,760	-	-	145,760
Capital Assets Being Depreciated:				
Buildings	1,140,763	-	-	1,140,763
Improvements	2,491,229	17,670	-	2,508,899
Equipment	600,988	75,327	-	676,315
Total Historical Cost	4,232,980	92,997	-	4,325,977
Less: Accumulated Depreciation				
Buildings	390,034	27,089	-	417,123
Improvements	1,535,586	103,976	-	1,639,562
Equipment	458,989	61,198	-	520,187
Total Accumulated Depreciation	2,384,609	192,263	-	2,576,872
Net Depreciable Assets	1,848,371	(99,266)	-	1,749,105
Governmental Activities - Net	$ 1,994,131	$ (99,266)	$ -	$ 1,894,865
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land and Easments	$ 44,325	$ -	$ -	$ 44,325
Construction in Progress	7,922,141	409,397	-	8,331,538
Total	7,966,466	409,397	-	8,375,863
Capital Assets Being Depreciated:				
Buildings	221,766	-	-	221,766
Improvements	4,949,731	-	-	4,949,731
Equipment	438,341	15,000	-	453,341
Total Historical Cost	5,609,838	15,000	-	5,624,838
Less: Accumulated Depreciation				
Buildings	117,416	5,544	-	122,960
Improvements	3,222,903	109,851	-	3,332,754
Equipment	357,830	19,278	-	377,108
Total Accumulated Depreciation	3,698,149	134,673	-	3,832,822
Net Depreciable Assets	1,911,689	(119,673)	-	1,792,016
Business-type Activities - Net	$ 9,878,155	$ 289,724	$ -	$ 10,167,879

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

Governmental Activites:		
	General	$ 22,554
	Public Safety	47,469
	Street	69,219
	Airport	24,664
	Culture and Recreation	28,357
		$ 192,263
Business-type Activites		
	Water	$ 107,035
	Sewer	27,638
		$ 134,673

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 though 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, 2023, are as follows:

Description	Maturity	Rate	Required Reserve	9/30/22	Increase	Decrease	9/30/23	Current Portion
Governmental Activities:	2024	6.70%	N/A	$ 44,810	$ -	$ (18,031)	$ 26,779	$ 19,191
Business-type Activities:								
Water Bond	2032	4.75%	$113,780	$ 444,645	$ -	$ (35,768)	$ 408,877	$ 37,467
Sewer Bond 92-06	2062	1.250%		1,915,000	-	(37,209)	1,877,791	37,674
Sewer Bond 92-04	2062	1.250%		2,382,000	-	(46,284)	2,335,716	46,862
				$4,741,645	$ -	$ (119,261)	$4,622,384	$ 122,003

Debt service requirements on long-term debt at September 30, 2023, are as follows:

September 30,	Principal	Interest	Principal	Interest
2024	$ 122,003	$ 72,090	$ 19,191	$ 1,689
2025	124,698	69,395	7,588	455
2026	127,771	66,322	-	-
2027	130,807	63,286	-	-
2028	133,950	60,143	-	-
2029 - 2033	663,761	252,484	-	-
2034 - 2038	490,567	195,453	-	-
2039 - 2043	522,017	164,003	-	-
2044 - 2048	555,483	130,537	-	-
2049 - 2053	591,050	94,970	-	-
2054 - 2058	629,006	57,014	-	-
2059 - 2063	531,271	16,699	-	-
	$4,622,384	$1,242,396	$ 26,779	$ 2,144

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.

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
2024	39,600
	$ 39,600

Lease income for the year ended September 30, 2023 was $48,400 .

12. RIGHT-OF-USE LEASE ASSETS/LIABILITIES

The City leases a piece of heavy equipment under long-term operating lease arrangements. Operating leases of 12 months or less are not recorded on the statement of net position.

Total right-of-use assets and lease liabilities at September 30, 2023 are as follows:

	Governmental Activities	Business-Type Activities
Lease Assets - Classification in Statement of Net Position		
Operating lease right-of-use		
2023 John Deere Backhoe Loader	$ 103,426	$ 68,950
Less Accumulated Amortization	(17,531)	(11,687)
Total leased right-of-use assets	$ 85,895	$ 57,263
Lease Liabilities - Classification in Statement of Net Position		
Operating lease liabilities		
2023 John Deere Backhoe Loader	$ 85,895	$ 57,263
Total lease liabilities	$ 85,895	$ 57,263

Total lease costs for the year ended September 30, 2023 are as follows:

Operating Lease Costs		
Amortization of right-of-use assets	$ 17,531	$ 11,687
	$ 17,531	$ 11,687

Future minimum annual payments as of September 30, 2023 are as follows:

Governmental Activities

Year Ending December 31,	Principal	Interest	Total Payment
2024	$ 12,278	$ 5,252	$ 17,531
2025	13,029	4,502	17,531
2026	13,826	3,705	17,531
2027	14,671	2,859	17,531
2028	15,569	1,962	17,531
2029	16,521	1,010	17,531
Total Future Payments	$ 85,895	$ 19,290	$ 105,185

Business-Type Activities

Year Ending December 31,	Principal	Interest	Total Payment
2024	$ 8,186	$ 3,502	$ 11,687
2025	8,686	3,001	11,687
2026	9,217	2,470	11,687
2027	9,781	1,906	11,687
2028	10,379	1,308	11,687
2029	11,014	673	11,687
Total Future Payments	$ 57,263	$ 12,860	$ 70,123

REQUIRED SUPPLEMENTARY INFORMATION

City of Parma, Idaho
Budgetary (GAAP Basis) Comparison Schedule - General Fund
For the Year Ended September 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 600,004	$ 600,004	$ 572,334	$ (27,670)
Licenses and Permits	67,920	67,920	98,527	30,607
Intergovernmental	463,561	463,561	323,971	(139,590)
Charges for Services	79,800	79,800	138,024	58,224
Interest Earned	1,000	1,000	37,820	36,820
Other	43,500	43,500	72,100	28,600
Total Revenues	1,255,785	1,255,785	1,242,776	(13,009)
Expenditures				
Current:				
General Government	208,727	208,727	172,433	36,294
Public Safety	771,753	771,753	614,779	156,974
Culture and Recreation	115,836	115,836	92,331	23,505
Capital Outlay	125,215	125,215	125,622	(407)
Total Expenditures	1,221,531	1,221,531	1,005,165	216,366
Excess (Deficiency) of Revenues Over Expenditures	34,254	34,254	237,611	203,357
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	34,254	34,254	237,611	203,357
Fund Balances - Beginning	-	-	1,113,987	1,113,987
Fund Balances - Ending	$ 34,254	$ 34,254	$ 1,351,598	$ 1,317,344

City of Parma, Idaho
Budgetary (GAAP Basis) Comparison Schedule - Street Fund
For the Year Ended September 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 83,206	$ 83,206	$ 91,375	$ 8,169
Intergovernmental	177,253	177,253	171,224	(6,029)
Interest Earned	100	100	20,636	20,536
Other	1,800	1,800	5,697	3,897
Total Revenues	262,359	262,359	288,932	26,573
Expenditures				
Current:				
Highways and Streets	136,544	136,544	125,470	11,074
Capital Outlay	149,020	149,020	84,379	64,641
Total Expenditures	285,564	285,564	209,849	75,715
Net Change in Fund Balances	(23,205)	(23,205)	79,083	102,288
Fund Balances - Beginning	23,205	23,205	453,694	430,489
Fund Balances - Ending	$ -	$ -	$ 532,777	$ 532,777

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
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, 2023

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
2023	$ 76,868	$ 76,868	$ -	$ 635,478	12.10%
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, 2023

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, 2023

	Budget	Actual	Variance
Taxes:			
Property Taxes	$ 600,004	$ 572,334	$ (27,670)
Total Taxes			
Intergovernmental:			
State Liquor Apportionment	38,945	39,366	421
Inventory Phase-out	30,188	30,580	392
State Revenue Sharing	255,228	234,613	(20,615)
Grants	139,200	19,412	(119,788)
Total Intergovernmental	463,561	323,971	(139,590)
Licenses and Permits:			
Beer, Wine, and Liquor Licenses	1,300	1,115	(185)
Building Permits	65,000	96,497	31,497
Animal Licenses	1,500	915	(585)
Miscellaneous Licenses	120	-	(120)
Total Licenses and Permits	67,920	98,527	30,607
Charges for Services:			
Planning and Zoning Fees	15,000	33,800	18,800
Leases	52,800	48,400	(4,400)
Police Contract	2,000	41,635	39,635
Old Fort Boise Parking	10,000	14,189	4,189
Total Charges and Services	79,800	138,024	58,224
Other:			
Refunds and Reimbursements	5,000	4,340	(660)
Franchise Fees	13,000	17,731	4,731
Interest Earned	1,000	37,820	36,820
Miscellaneous	25,500	50,029	24,529
Total Other	44,500	109,920	65,420
Total Revenue	$ 1,255,785	$ 1,242,776	$ (13,009)

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, 2023

	Budget	Actual	Variance
General Government:			
Mayor and Council:	$ 37,784	$ 38,204	$ (420)
Personal Services			
Administration:			
Personal Services	19,300	24,195	(4,895)
Capital Outlay	2,000	-	2,000
Total Administration	21,300	24,195	(2,895)
Other General Government			
Personal Services	39,784	33,574	6,210
Supplies	17,000	11,775	5,225
Other Services and Charges	92,859	64,685	28,174
Capital Outlay	37,000	7,668	29,332
Total Other General Government	186,643	117,702	68,941
Total General Government	245,727	180,101	65,626
Public Safety:			
Law Enforcement			
Personal Services	459,954	462,232	(2,278)
Supplies	19,000	14,516	4,484
Other Services and Charges	224,549	60,056	164,493
Debt Service	-	-	-
Capital Outlay	39,695	96,548	(56,853)
Total Law Enforcement	743,198	633,352	109,846
Building Inspection:			
Other Services and Charges	65,000	77,718	(12,718)
Animal Control:			
Other Services and Charges	3,250	257	2,993
Total Public Safety	811,448	711,327	100,121
Culture and Recreation:			
Park:			
Personal Services	83,530	61,871	21,659
Supplies	7,000	4,358	2,642
Other Services and Charges	25,306	26,102	(796)
Capital Outlay	48,520	21,406	27,114
Total Culture and Recreation	164,356	113,737	50,619
Total Expenditures	$ 1,221,531	$ 1,005,165	$ 216,366

City of Parma, Idaho
Combining Balance Sheet -
Nonmajor Governmental Funds
September 30, 2023

	Library	Airport	Recreation	Total
Assets				
Cash and Cash Equivalents	$ 1,381	$ 67,471	$ 52,952	$ 121,804
Receivables, Net:				
Property Tax	1,581	1,108	1,130	$ 3,819
Total Assets	$ 2,962	$ 68,579	$ 54,082	$ 125,623
Liabilities				
Accounts Payable	$ 3,063	$ 165	$ 1,047	$ 4,275
Salaries and Benefits Payable	1,423	116	175	1,714
Total Liabilities	4,486	281	1,222	5,989
Deferred Inflows				
Unavailable Revenue - Property Taxes	1,551	1,087	1,107	3,745
Fund Balances				
Restricted	-	67,211	51,753	118,964
Unassigned	(3,075)	-	-	(3,075)
Total Fund Balances	(3,075)	67,211	51,753	115,889
Total Liabilities, Deferred Inflows and Fund Balances	$ 2,962	$ 68,579	$ 54,082	$ 125,623

City of Parma, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Nonmajor Governmental Funds
For the Year Ended September 30, 2023

	Library	Airport	Recreation	Total
Revenues				
Property Taxes	$ 54,520	$ 26,380	$ 26,968	$ 107,868
Intergovernmental	-	197	2,156	2,353
Charges for Services	1,388	11,140	32,013	44,541
Interest Earned	1,479	5,897	738	8,114
Other	44,178	-	368	44,546
Total Revenues	101,565	43,614	62,243	207,422
Expenditures				
Current:				
Administrative	3,043	-	-	3,043
Airport	-	23,547	-	23,547
Culture and Recreation	98,037	-	64,610	162,647
Impact Fees	-	-	-	-
Capital Outlay	-	8,722	6,350	15,072
Total Expenditures	101,080	32,269	70,960	204,309
Excess (Deficiency) of Revenues Over Expenditures)	485	11,345	(8,717)	3,113
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	485	11,345	(8,717)	3,113
Fund Balances - Beginning	(3,560)	55,866	60,470	112,776
Fund Balances - Ending	$ (3,075)	$ 67,211	$ 51,753	$ 115,889

FEDERAL REPORTS

ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS
Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ◆ Nampa, Idaho 83687
Phone: 208-459-4649 ◆ FAX: 208-229-0404

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, 2023, 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 October 16, 2024.

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 2023-001 that we consider to be material weaknesses. [3]

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* and which are described in the accompanying schedule of findings and responses as items 2023-002.

The City of Parma's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Parma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Parma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
October 17, 2024

Finding 2023-001

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 that when we came to perform the audit, that bank reconciliations were being done more that 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.

Finding 2023-002

Noncompliance Material to the Financial Statements—Audit not done within 9 months of year end.

Criteria: The State of Idaho requires municipal governments complete an audit within 9 months of their year-end.

Condition: For the year ended September 30, 2023, the audit was not completed by June 30, 2024, as required by State law.

Effect or Potential Effect: This could cause the State to withhold funding if audits are not completed on a timely basis.

Cause: The City was behind on bank reconciliations, which delayed the start of the audit process.

Recommendation: Management needs to make sure that bank reconciliations are being done timely, so that they are ready for the audit to start shortly after their year-end.

Views of Responsible Official(s) and Planned Corrective Actions: Management will make sure that bank statements are reconciled in a timely manner so that the audit can start on time next year.