

CITY OF SUN VALLEY

Financial Statements

Year Ended September 30, 2025

CITY OF SUN VALLEY, IDAHO
Financial Statements
For the year ended September 30, 2025

Table of Contents

Independent Auditor's Report	1-2
Required Supplementary Information - Part I	
Management's Discussion and Analysis	3-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet	11-12
Statement of Revenues, Expenditures and Changes in Fund Balances	13-14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16-31
Required Supplementary Information - Part I	
General Fund Budgetary Comparison Schedules	32
Other Governmental Funds Budgetary Comparison Schedules	33-39
Public Employee Pension Information	40
Other Supplementary Information - Part II	
Bond & Loan - Future Principal and Interest Requirements	41-42
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	43-44

WORKMAN & COMPANY

Office of
Accounting

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INDEPENDENT AUDITOR'S REPORT

December 22, 2025

To the City Council
City of Sun Valley, Idaho
Sun Valley, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the City of Sun Valley, Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Sun Valley, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the City of Sun Valley, Idaho, as of September 30, 2025, and the respective changes in financial position 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. 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 of Sun Valley, Idaho, 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Sun Valley, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

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 generally accepted 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Report Continued—

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

We are required to communicate with those charged with governance regarding, among other matters, the planning 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 management's discussion and analysis, budgetary comparison information, and post-employment information on pages 3–8 and 31-39 and 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sun Valley, Idaho's basic financial statements. The long-term debt payment schedule on pages 41-42 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the City of Sun Valley, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the effectiveness of the City's 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.

Workman & Company

Certified Public Accountants
Twin Falls, Idaho



Mayor
Peter M. Hendricks

Council
Michelle Griffith, *Council President*
Keith Saks
Jane Reister Conard
Brad DuFur

December 22, 2025

Management's Discussion and Analysis For Fiscal Year 2025

This analysis is an overview of the City's financial activities for the Fiscal Year 2025 and should be read in conjunction with the Independent Auditors Report and the Basic Financial Statements. The report highlights specific issues related to funds and economic factors currently affecting the City.

Financial Highlights

- In Fiscal Year 2025, the City experienced stability in revenues, with moderate improvement in our local option tax revenue that funds major City operations like Fire, EMS, and public safety. This year's local option tax receipts for City operations were \$3,003,457, a slight increase of \$124,529 or 4.3% versus the amount collected in FY24. The City continued its long-term policy of not taking the allowed 3% property tax increase for Fiscal Year 2025.
- With continued revenue stability, the City was able to invest in many capital expenditures while ending the year with a fund balance in the General Fund of \$5,915,499. This fund balance allows the City to continue to implement many of its strategic priorities while maintaining an emergency reserve for operations.
- Major capital expenditures included new snowplow equipment, a police vehicle, targeted road & path repairs and improvements, upgrades to City Hall, improved public safety communications equipment, and housing improvements associated with the Greenhorn Affordable Housing project.
- The total of all fund assets exceeded liabilities at the close of fiscal year by \$19,555,870. Of that amount \$8,054,116 (unrestricted net position) may be used to meet future obligations and positions. The City is committed to improving its assets for the benefit of Sun Valley taxpayers by making practical and effective use of these funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF SUN VALLEY, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Government-wide Financial Statements

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

Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental and proprietary funds. The City maintains eight individual governmental funds: General Fund, Debt Service Fund, Fixed Asset Replacement Fund, First Responder Housing Fund, Capital Improvement Fund, Workforce Housing Fund, Street and Path Fund and 1% Local Option Tax Fund. The City has no proprietary funds. The City approves a one-year budget for all funds. Budgetary comparison statements have been provided for all funds to show compliance with the FY25 budget.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position

A component of the City's net position, \$ 11,501,754, reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not eligible for future spending.

The remaining portion of net assets, \$ 8,054,116, is unrestricted and can be used to finance government operations.

Table 1, which follows, presents the City's condensed statement of net position as of September 30, 2025, derived from the government-wide Statement of Net Position compared to September 30, 2024.

**CITY OF SUN VALLEY, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

Table 1: Comparison of Statement of Net Position As of September 30, 2025 and 2024			
	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Current Assets	\$ 15,620,074	15,991,493	-2.38%
Capital Assets	<u>25,069,761</u>	<u>25,673,749</u>	<u>-2.41%</u>
Total Assets	<u>40,689,835</u>	<u>41,665,242</u>	<u>-2.40%</u>
Deferred Outflows	<u>420,834</u>	<u>650,608</u>	<u>-54.60%</u>
Current Liabilities	1,335,517	1,301,899	2.52%
Long Term Liabilities	<u>15,179,792</u>	<u>17,775,366</u>	<u>-17.10%</u>
Total Liabilities	<u>16,515,309</u>	<u>19,077,265</u>	<u>-15.51%</u>
Deferred Inflows	<u>5,039,490</u>	<u>4,085,875</u>	<u>18.92%</u>
Net Position:			
Invested in Capital Assets net of related debt	11,501,754	10,498,337	8.72%
Unrestricted	<u>8,054,116</u>	<u>8,654,373</u>	<u>-7.45%</u>
Total Net Position	<u>\$ 19,555,870</u>	<u>19,152,710</u>	<u>2.06%</u>

Condensed Statement of Activities

Table 2, which follows, presents the City's condensed statement of activities for the fiscal year ended September 30, 2025 as derived from the government-wide Statement of Activities compared to September 30, 2024. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities increased by \$403,160.

**CITY OF SUN VALLEY, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

**Table 2: Condensed Statement of Activities
for Government Activities
Comparing Fiscal Year Ended September 30, 2025 with 2024**

	<u>2025</u>	<u>2024</u>	<u>Percentage Change</u>
Revenue:			
Program revenues			
Charges for services	\$ 67,766	\$ 82,614	-21.91%
Capital grants /contributions	1,058,110	500,406	52.71%
	<u>1,125,876</u>	<u>583,020</u>	<u>48.22%</u>
General revenues			
Taxes	8,238,006	8,105,020	1.61%
Franchise, licenses, permits	834,054	869,984	-4.31%
Intergovernmental revenues	1,024,076	1,052,001	-2.73%
Ketchum Rural Fire Contract	754,304	465,970	38.23%
Earnings on investments	486,599	577,990	-18.78%
Miscellaneous	12,920	156,596	-1112.04%
Premium earned on bond funding	75,605	81,421	-7.69%
Gain (Loss) on pension activities	(98,092)	(598,671)	-510.32%
	<u>11,327,472</u>	<u>10,710,311</u>	<u>5.45%</u>
Total revenues	<u>12,453,348</u>	<u>11,293,331</u>	<u>9.31%</u>
Program expenses:			
General Government	3,283,865	2,553,183	22.25%
Community Development	519,948	658,342	-26.62%
Public Safety	4,806,215	3,968,516	17.43%
Ketchum Rural Fire	488,289	444,389	8.99%
Streets	1,127,099	1,323,621	-17.44%
Depreciation	1,209,569	1,112,844	8.00%
Interest, long-term debt	615,203	601,191	2.28%
	<u>12,050,188</u>	<u>10,662,086</u>	<u>11.52%</u>
Change in net position	403,160	631,245	-56.57%
Beginning net position	<u>19,152,710</u>	<u>18,521,465</u>	<u>3.30%</u>
Ending net position	\$ <u>19,555,870</u>	\$ <u>19,152,710</u>	<u>2.06%</u>

**CITY OF SUN VALLEY, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

CAPITAL ASSET AND LONG-TERM, ACTIVITY

Capital Asset Activity

At September 30, 2025, the City reported \$25,069,761 in capital assets for governmental activities net of accumulated depreciation.

Table 3 discloses the changes in capital assets during the current year.

Table 3: Changes in Capital Assets for Government Activities Fiscal Year Ended September 30, 2025				
	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 2,489,037	\$	\$	\$ 2,489,037
Construction in progress	3,615,185		(3,615,185)	0
Total Capital Assets not being depreciated	2,308,436	0	(3,615,185)	2,489,037
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	3,708,537	3,706,451		7,414,988
Equipment & Vehicles	6,058,918	849,570	(52,933)	6,855,555
Roads & Infrastructure	34,353,857			34,353,857
Total Capital Assets being depreciated	40,550,472	4,556,021	(52,933)	48,624,400
Less: Accumulated Depreciation:				
Buildings and Improvements	2,119,268	171,696		2,290,964
Equipment	3,820,219	343,927	(52,933)	4,111,213
Roads & Infrastructure	18,612,298	1,029,201		19,641,499
Total Accumulated Depreciation	21,625,906	1,544,824	(52,933)	26,043,676
Governmental capital assets, net	\$ 21,233,002	\$ 3,011,197	\$ (3,615,185)	\$ 25,069,761

Long-term Debt Activity

See Note 2 subsection 9 and Note 9 of the financial statements for information on the City's long-term debt.

**CITY OF SUN VALLEY, IDAHO
MANAGEMENT DISCUSSION AND ANALYSIS**

Continued...

FUTURE ECONOMIC FACTORS

The city is primarily residential with a world class destination resort located within its boundaries. New construction activity continues to add to the solid property tax base within the city.

Sun Valley's real estate market remains strong, and we continue to see growth into our City at all levels. New construction this year was valued at \$104,081,461 and the total valuation for the city grew to \$6,551,723. This record growth continues to put a strain on city services and our infrastructure. The city remains committed to meeting the demands for service and improving our assets.

Commercial activities within the city include lodging, retail, and restaurant businesses associated with the Sun Valley Resort. The Local Option Tax associated with these business activities are being sustained at very strong levels, which assists the city in meeting the demands of growth we have experienced over the last two years.

REQUESTS FOR INFORMATION

Requests for information regarding City finances should be directed to:

Finance Manager/Treasurer
P.O. Box 416
Sun Valley, ID 83353
Telephone: (208) 622-4438

CITY OF SUN VALLEY, IDAHO
Statement of Net Position
at September 30, 2025

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets:	
Cash and Deposits	\$ 10,949,246
Taxes Receivable	4,417,281
Due From Other Governments	253,547
Total Current Assets	\$ 15,620,074
Capital Assets:	
Land	2,489,037
Construction in Progress	0
Infrastructure	34,353,857
Buildings and Improvements	7,414,988
Vehicles and Equipment	6,855,555
Totals	51,113,437
Accumulated Deprecation	(26,043,676)
Total Capital Assets	25,069,761
Total Assets	40,689,835
Deferred Outflows of Resources and Net Pension Assets:	
Deferred Outflows from Pension Activity	420,834
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	322,934
Accrued Labor Payable	72,634
Accrued Interest Payable	21,453
Accrued Other Liabilities	0
Current Portion Long-Term Debt	918,496
Total Current Liabilities	1,335,517
Long-term Liabilities:	
Long-Term Debt	12,174,426
Unamortized Bond Premium	453,632
Net Pension Liability	2,233,208
Compensated Absences	318,526
Total Long-Term Liabilities	15,179,792
Total Liabilities	16,515,309
Deferred Inflows of Resources:	
Deferred Inflows from Pension Activities	966,786
Deferred Inflows from Property Taxes	4,072,704
Total Deferred Inflows of Resources:	5,039,490
 <u>NET POSITION</u>	
Invested in Capital Assets - net of related debt	11,501,754
Unrestricted	8,054,116
Total Net Position	\$ 19,555,870

The accompanying notes are a part of these financial statements.

CITY OF SUN VALLEY, IDAHO
Statement of Activities
For the Year Ended September 30, 2025

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Changes in Net Position
				Governmental Activities
Governmental:				
General Government	\$ 3,283,865	\$ 67,766	\$ 1,058,110	\$ (2,157,989)
Community Development	519,948			(519,948)
Police	2,679,491			(2,679,491)
Fire	2,126,724			(2,126,724)
Ketchum Rual Fire District	488,289			(488,289)
Streets	1,127,099			(1,127,099)
*Unallocated Depreciation	1,209,569			(1,209,569)
Interest on Long-term Debt	615,203			(615,203)
	<u>\$ 12,050,188</u>	<u>\$ 67,766</u>	<u>\$ 1,058,110</u>	<u>(10,924,312)</u>

General Revenues:

Property Taxes	4,094,513
Local Option Tax	4,143,493
Franchise, licenses, permits	834,054
Intergovernmental Revenues	1,024,076
Earnings on Investments	486,599
Miscellaneous	7,738
Ketchum Rural Fire Contract	754,304
Premium Earned on Bonds Payable	75,605
Refunds and Reimbursements	5,182
Gain (Loss) on Disposition of Assets	0
Gain (Loss) on Pension Activities	(98,092)
	<u>11,327,472</u>
Total general revenues and transfers	<u>11,327,472</u>
Changes in net assets	403,160
Net Position - Beginning	<u>19,152,710</u>
Net Position - Ending	<u>\$ 19,555,870</u>

* Unallocated depreciation excludes depreciation which is included in the direct program expense of various programs.

The accompanying notes are a part of these financial statements.

CITY OF SUN VALLEY, IDAHO
Balance Sheet
Governmental Funds
for the year ended September 30, 2025

	General Fund	Debt Service Fund	Fixed Asset Replacement Fund	Capital Improvement Fund
ASSETS:				
Cash and Cash Deposits	\$ 5,544,847	\$ 19,458	\$ 406,558	\$ 1,494,986
Taxes Receivable	3,145,076	1,272,205		
Due From Other Governments	231,287			
Total Assets	\$ 8,921,210	\$ 1,291,663	\$ 406,558	\$ 1,494,986
 LIABILITIES:				
Cash Deficit	\$	\$	\$	\$ 0
Accounts Payable	81,520		147,263	16,587
Accrued Labor and Taxes Payable	72,634			
Other Accrued Liabilities and Deposits Payable				
Total Liabilities	154,154	0	147,263	16,587
 DEFERRED INFLOWS OF RESOURCES:				
Unavailable Tax Revenues	2,851,557	1,270,433		
Total Deferred Inflows of Resources	2,851,557	1,270,433	0	0
 FUND BALANCE:				
Non-spendable				
Restricted				
Committed				
Assigned	2,000,000	21,230	259,295	1,478,399
Unassigned	3,915,499			
Total Fund Balance	5,915,499	21,230	259,295	1,478,399
Total Liabilities and Fund Balance	\$ 8,921,210	\$ 1,291,663	\$ 406,558	\$ 1,494,986

Amounts reported for governmental activities in the Statement of Net Position (page 9) are different because:

Deferred Inflows and Outflows of Resources

Governmental fund capital assets are not financial resources and therefore are not reported in the funds.
The cost of assets is \$51,113,437 and the accumulated depreciation is \$ 26,043,676

Long-term liabilities, including bonds, compensated absences, and pension costs are not payable in the current period and therefore are not reported in the governmental funds

Unavailable Tax Revenue is not reported in the Statement of Net Position

Net Position of Governmental Funds

The accompanying notes are a part of these financial statements.

Workforce Housing Fund	Street and Path Fund	1% Local Option Tax Fund	1st Responder Housing Fund	Total Governmental Funds
\$ 788,209	\$ 2,600,862	\$ 5,166	\$ 89,160	\$ 10,949,246
	22,260	0		4,417,281
				253,547
<u>\$ 788,209</u>	<u>\$ 2,623,122</u>	<u>\$ 5,166</u>	<u>\$ 89,160</u>	<u>\$ 15,620,074</u>
\$ 4,602	\$ 48,959	\$ 0	\$ 24,003	\$ 0
				322,934
				72,634
				0
<u>4,602</u>	<u>48,959</u>	<u>0</u>	<u>24,003</u>	<u>395,568</u>
				4,121,990
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,121,990</u>
				0
				0
				0
783,607	2,574,163	5,166	65,157	7,187,017
				3,915,499
<u>783,607</u>	<u>2,574,163</u>	<u>5,166</u>	<u>65,157</u>	<u>11,102,516</u>
<u>\$ 788,209</u>	<u>\$ 2,623,122</u>	<u>\$ 5,166</u>	<u>\$ 89,160</u>	<u>\$ 15,620,074</u>
				(545,952)
				25,069,761
				(16,119,741)
				49,286
				<u>\$ 19,555,870</u>

The accompanying notes are a part of these financial statements.

CITY OF SUN VALLEY, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2025

	General Fund	Debt Service Fund	Fixed Asset Replacement Fund	Capital Improvement Fund
REVENUE:				
Property taxes	\$ 2,815,887	\$ 1,271,194	\$ 0	\$
Local option taxes	3,003,457			
Franchises fees	213,708			
Licenses, permits, and fees	620,346			
Intergovernmental revenues	880,891			
Charges for services	52,360			
Fines and forfeitures	15,153			
Earnings on investments	473,998	4,703		
Grants and Donations	359,059			
Refunds and Reimbursements	5,182			
Ketchum Rural Fire Contract	754,304			
Other Revenues	7,738			
	<u>9,202,083</u>	<u>1,275,897</u>	<u>0</u>	<u>0</u>
Total Revenue				
EXPENDITURES:				
General Government	2,165,783	2,000	251,308	195,653
Community Development	569,892			
Police	2,253,654		363,953	
Fire	1,864,820			
Ketchum Rural Fire District	488,289			
Streets	733,597		799,397	
Debt Service	0	1,252,667	87,469	
	<u>8,076,035</u>	<u>1,254,667</u>	<u>1,502,127</u>	<u>195,653</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	1,126,048	21,230	(1,502,127)	(195,653)
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	11,888			0
Operating transfers (to) other funds	0			
	<u>0</u>			
NET CHANGE IN FUND BALANCES	1,137,936	21,230	(1,502,127)	(195,653)
FUND BALANCE - BEGINNING	<u>4,777,563</u>	<u>0</u>	<u>1,761,422</u>	<u>1,674,052</u>
FUND BALANCE - ENDING	<u>\$ 5,915,499</u>	<u>\$ 21,230</u>	<u>\$ 259,295</u>	<u>\$ 1,478,399</u>

The accompanying notes are a part of these financial statements.

<u>Workforce Housing Fund</u>	<u>Street and Path Fund</u>	<u>1% Local Option Tax Fund</u>	<u>1st Responder Housing Fund</u>	<u>Total Governmental Funds</u>
\$ 567,163	\$	\$ 572,873	\$	\$ 4,087,081
				4,143,493
				213,708
	143,185			620,346
253				1,024,076
				52,613
				15,153
			7,898	486,599
			699,051	1,058,110
				5,182
				754,304
				7,738
<u>567,416</u>	<u>143,185</u>	<u>572,873</u>	<u>706,949</u>	<u>12,468,403</u>
174,820		555,819		3,345,383
				569,892
				2,617,607
			182,242	2,047,062
	256,908			488,289
<u>728,070</u>	<u>256,908</u>	<u>555,819</u>	<u>182,242</u>	<u>2,068,206</u>
<u>902,890</u>	<u>256,908</u>	<u>555,819</u>	<u>182,242</u>	<u>12,926,341</u>
(335,474)	(113,723)	17,054	524,707	(457,938)
533,998		(11,888)	(533,998)	545,886
				(545,886)
198,524	(113,723)	5,166	(9,291)	(457,938)
<u>585,083</u>	<u>2,687,886</u>	<u>0</u>	<u>74,448</u>	<u>11,560,454</u>
<u>\$ 783,607</u>	<u>\$ 2,574,163</u>	<u>\$ 5,166</u>	<u>\$ 65,157</u>	<u>\$ 11,102,516</u>

The accompanying notes are a part of these financial statements.

CITY OF SUN VALLEY, IDAHO
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
for the year ended September 30, 2025

Net Change in Fund Balance - Total Governmental Funds (Page 14)	\$ (457,938)
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(1,544,824)
This is the amount of new assets purchased in the Government Funds.	940,836
This is the change in amount of gain on disposal of Governmental Fund assets.	0
<p>Long term liabilities are not recorded in the Governmental funds. Principal and interest paid on capital debt are recorded as expenditures in the Governmental Funds. Principal amounts paid are not recorded as expenditures in the Statement of Net Position.</p>	
This is the amount of current year principal payments on capital debt.	1,527,799
This is the amount of current year new debt	0
This is the change in accrued interest on long term debt.	4,002
This is the premium earned on bond funding.	75,605
This is the increase in compensated leave during the year.	(51,660)
Gain (Loss) on Pension Activity	(98,092)
Change in deferral of delinquent property taxes	<u>7,432</u>
Change in Net Position of Governmental Activities (Page 10)	<u>\$ 403,160</u>

The accompanying notes are a part of these financial statements.

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sun Valley, Idaho (City) was chartered in 1947 under the laws of the State of Idaho. The City operates under a Mayor-Council form of government and provides the following services: public safety (police and fire), community development, building safety, streets, planning and zoning, and general administrative services to its citizens. The significant revenues and receivables are generated by the residents of the City of Sun Valley through property taxes.

The financial statements of the City of Sun Valley have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. Financial Reporting Entity

The City's financial statements include the accounts of all operations under the oversight authority of the City Council and those of separately administered organizations over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

2. Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns.

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

3. Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report, using the economic resources measurement focus and the accrual basis of accounting, generally includes the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report, using the current financial resources measurement focus and the modified accrual basis of accounting, recognizes revenues when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City of Sun Valley uses an availability period of sixty days. Expenditures are recorded when the related liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include sales and use taxes, property taxes, and intergovernmental revenues. In general, other revenues are recognized when cash is received.

4. Fund Accounting

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

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

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

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

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

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

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

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

GOVERNMENTAL FUNDS

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources not reported in another fund.

Debt Service Fund — This fund is used to account for the accumulation of financial resources for the payment of principal and interest on the City's governmental debt.

Fixed Asset Replacement Fund – This fund accounts for the acquisition, replacement, and improvements to vehicles and equipment.

Bond Construction Fund – This fund is used to account for the 2018 General Obligation Bond proceeds and expenditures.

Capital Improvement Fund – This fund accounts for the construction or acquisition of capital improvements or facilities.

Workforce Housing Fund – This fund is available to offer assistance to employees of the City that are "housing burdened", as determined by an outside agency (The Housing Company). This fund is also to provide affordable housing for low-moderate income households whose income is derived from employment within Sun Valley, Idaho or, when found appropriate by the City, employed within Blaine County in the area commonly known as the North Valley, including the City of Ketchum and the area commonly known as River Run.

Street and Path Fund – This fund is used to account for the repairs, maintenance, and projects related to roads and streets within the City.

1% Local Option Tax Fund – This fund is used to account for the additional 1% local option tax monies collected for the Air Service Board transportation funding.

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

5. Budgetary Data

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

- a. Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. After reviewing the preliminary budget, the City Council sets a public budget hearing to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through passage of an ordinance.

The budget is prepared on the modified accrual basis of accounting, as described above. The City does not use the encumbrance method of accounting.

6. Cash and Cash Equivalents

The City maintains and controls cash and investment pools which are shared by the primary government funds. Each fund's portion of a pool is displayed on its respective balance sheet.

For purposes of the Statement of Cash Flows, the enterprise funds consider cash and cash equivalents to include cash on hand and all amounts on deposit with financial institutions.

7. Inventory

Inventories in governmental funds are considered to be immaterial and are not reported.

8. Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with the cost of \$5,000 (\$10,000 for buildings and improvements) or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. The City has not, nor is required to retroactively report infrastructure assets. The City has capitalized all acquired infrastructure after October 1, 2003.

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

Estimated useful lives, in years, for depreciable assets are as follows:

Building and Improvements	20-40
Equipment	5-7
Infrastructure	20
Trucks and Vehicles	7

9. Long-Term Debt

In 2018 the City of Sun Valley sold \$ 16,395,000 of General Obligation Bonds to improve the infrastructure of the City. These bonds will be repaid from the general revenues of the City. These bonds were sold at a premium that will be amortized over the life of the bonds.

Bond maturity and interest schedules of the issued bonds is contained in the schedule on page 41 of these financial statements.

In 2022 the City of Sun Valley executed a loan agreement for \$1,500,000 to acquire housing for 1st Responders. The loan will be repaid from rent income from the tenants as well as a 50% reimbursement of payments from the North Blaine County Fire District.

Capital Lease Obligations: Assets and liabilities resulting from capital leases are recorded at lease inception. The principal portion of lease payments reduces the liability; the interest portion is expensed. Other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures. For budgetary purposes, lease payments are only reported as expenditures when paid.

10. Deferred Outflows/Inflows of Resources

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

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

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

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

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

11. Compensated Absences

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

12. Pensions

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

NOTE 2 - CASH AND CASH EQUIVALENTS

Interest Rate Risk — The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk — The City has no investment policy which would further limit its investment choices beyond those stated in Idaho Code. The City's investment in the State Treasurer's Investment Pool is not currently rated. All deposits in the State Investment Pool are either FDIC insured or fully collateralized, with securities held in trust by the State Treasurer but not in the name of the City of Sun Valley.

Concentration of Credit Risk — The City places no limit on the amount to invest in any one issuer.

Custodial Credit Risk, Deposits — Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The City's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the City at fiscal year-end. There are three categories of credit risk that apply to the City's cash and investments:

- 1) Insured or collateralized for which the securities are held by the City or the City's agent in the City's name;
- 2) Uninsured and uncollateralized; or
- 3) Uninsured and unregistered for which the securities are held by the counter party or by its trust department or agent but not in the City's name. This category also includes repurchase agreements with no underlying securities.

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

At year end, \$ 254,177 of the City's bank balances were exposed to custodial credit risk because it was uninsured by the FDIC.

Balances are held in each category as follows:

	Bank Balance		
	1	<u>Categories</u> 2	3
Deposits	\$ 504,177	\$ 73,739	
State of Idaho LGIP Investments			\$ 10,438,745
	<hr/>	<hr/>	<hr/>
Total Cash and Investments	\$ <u>504,177</u>	\$ <u>73,739</u>	\$ <u>10,438,745</u>

NOTE 3 - TAXES RECEIVABLE

Property taxes are levied in November of each year and recognized as revenue when the tax notices are printed. Taxes are due in two equal installments at December and June following the levy date. If payment is not received upon the due dates, a 2% penalty is charged, and taxes are classified as past due subject to 12% interest. Taxes receivable are stated at taxes levied less amounts collected and canceled. The City has not experienced any significant loss of delinquent taxes receivable in past years, and, therefore, does not consider it necessary to establish any allowance for uncollectible taxes receivable.

NOTE 4 – OTHER REVENUES

The City receives miscellaneous revenues throughout the year. In the current period the total of these revenues were as follows:

General Fund:

Reimbursements for services	\$ 0
Special Events Revenue	2,750
Street and Path Miscellaneous	753
Online Credit Card Fee Reimbursements	<u>1,679</u>
Total	\$ <u>5,182</u>

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 2,489,037	\$	\$	\$ 2,489,037
Construction in progress	<u>3,615,185</u>	<u> </u>	<u>(3,615,185)</u>	<u>0</u>
Total Capital Assets not being depreciated	<u>6,104,222</u>	<u>0</u>	<u>(3,615,185)</u>	<u>2,489,037</u>
 <i>Capital Assets being depreciated:</i>				
Buildings and Improvements	3,708,537	3,706,451		7,414,988
Equipment & Vehicles	6,058,918	849,570	(52,933)	6,855,555
Roads & Infrastructure	<u>34,353,857</u>	<u> </u>	<u> </u>	<u>34,353,857</u>
Total Capital Assets being depreciated	<u>44,121,312</u>	<u>4,556,021</u>	<u>(52,933)</u>	<u>48,624,400</u>
 Less: Accumulated Depreciation:				
Buildings and Improvements	2,119,268	171,696		2,290,964
Equipment	3,820,219	343,927	(52,933)	4,111,213
Roads & Infrastructure	<u>18,612,298</u>	<u>1,029,201</u>	<u> </u>	<u>19,641,499</u>
Total Accumulated Depreciation	<u>24,551,785</u>	<u>1,544,824</u>	<u>(52,933)</u>	<u>26,043,676</u>
 Governmental capital assets, net	 \$ <u>25,673,749</u>	 \$ <u>3,011,197</u>	 \$ <u>(3,615,185)</u>	 \$ <u>25,069,761</u>

Depreciation expense was charged to functions/programs as follows:

General Government	21,191
Public Protection	193,521
Community Development	0
Street	129,215
Unallocated	<u>1,200,897</u>
 Total Depreciation Expense	 \$ <u>1,544,824</u>

NOTE 5 - VOUCHERS PAYABLE AND ACCRUED LIABILITIES

Vouchers payable and accrued expenses are stated at cost and are recognized liabilities for goods and services rendered to the City as of September 30.

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

NOTE 6 - ACCRUED COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay for it. This amount is \$266,867.

NOTE 8 – INTERFUND TRANSFERS

The composition of interfund transfers as of September 30, 2025 is as follows:

<u>Transfers To:</u>	<u>Transfers From:</u>		
	<u>General</u>	<u>1% Local Option Tax</u>	<u>1st Responder Housing</u>
General Fund	\$	\$ 11,888	\$
Workforce Housing	0		533,998
Fixed Asset Replacement			
Debt Service			

NOTE 9 – LONG TERM DEBT

	Equip						Total
	Cost	2026	2027	2028	2029	2030	
Governmental Activities							
2019 Pierce Arrow XT PUIC							
Pumper Fire Truck							
Zions Bancorporation	\$ 782,811	\$ 87,469	\$ 87,469	\$ 87,469	\$ 87,469	\$	\$ 349,876
Less Interest 2.11%		(7,009)	(5,311)	(3,578)	(1,807)		(17,705)
Due Annually							
	<u>782,811</u>	<u>80,460</u>	<u>82,158</u>	<u>83,891</u>	<u>85,662</u>		<u>332,171</u>

Capital Lease: The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future lease payments as of the date of inception.

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

**CITY OF SUN VALLEY, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
AT SEPTEMBER 30, 2025**

Continued...

In 2018 the City sold general obligation bonds totaling \$16,395,000 at a premium of \$1,105,000 (the premium will be amortized over the life of the bond debt. The five year and subsequent maturities of this debt is as follows:

Fiscal Year	General Obligation Bonds, Series 2018	
	Interest	Principal
2026	\$ 459,796	\$ 795,000
2027	420,046	835,000
2028	378,296	875,000
2029	334,546	920,000
2030	288,546	965,000
2031-2035	929,826	5,330,000
2036-2037	119,848	2,385,000

In 2022 the City entered into a loan agreement totaling \$1,500,000 for 1st Responder Housing. The five year and subsequent maturities of this debt is as follows:

Fiscal Year	1st Responder Housing Loan	
	Interest	Principal
2026	\$ 27,094	\$ 43,036
2027	25,268	44,862
2028	23,364	46,766
2029	21,379	48,791
2030	19,310	50,820
2031-2035	62,308	288,342
2036-2037	7,064	133,134

CITY OF SUN VALLEY, IDAHO
Notes to the Financial Statements
September 30, 2025

-Continued

The following table includes other long-term debt activity:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>			<u>Amount</u>	<u>Amount</u>
			<u>Outstanding 9/30/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 9/30/2025</u>	<u>Due 1 Year</u>
GENERAL FUND							
Bonds Payable:							
General Obligation							
Bonds 2018	9/15/2037	3%-5%	12,860,000		755,000	12,105,000	795,000
Other:							
Accrued Compensated Absences							
	N/A		266,867	51,659		318,526	
Total General Fund			\$ <u>13,126,867</u>	\$ <u>51,659</u>	\$ <u>755,000</u>	\$ <u>12,423,526</u>	\$ <u>795,000</u>
1ST RESPONDER HOUSING FUND							
Loan Payable:							
Housing Loan	9/1/2037	4.20%	\$ <u>1,349,752</u>	\$ <u>0</u>	\$ <u>694,001</u>	\$ <u>655,751</u>	\$ <u>43,036</u>
			<u>1,349,752</u>	<u>0</u>	<u>694,001</u>	<u>655,751</u>	<u>43,036</u>

NOTE 10 – EMPLOYEE RETIREMENT PLAN

Plan Description

The City of Sun Valley 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 services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

CITY OF SUN VALLEY, IDAHO
Notes to the Financial Statements
September 30, 2025

-Continued

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of employer rate for general employees and 72% for public safety. As of June 30, 2025, it was 7.18% for general employees and 10.36% for public safety. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.96% for general employees and 13.48% for police and firefighters. The City's contributions were \$ 578,566 for the year ended September 30, 2025.

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

At September 30, 2025, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the City's proportion was 0.0923514 percent.

For the year ended September 30, 2025, the City recognized pension expense (revenue) of \$98,092. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 420,834	\$ 574,082
Changes in assumptions or other inputs		\$ 392,704
Net difference between projected and actual earnings on pension plan investments		
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ (141,975)	
City's contributions subsequent to the measurement date	\$ 141,975	
Total	\$ 420,834	\$ 966,786

CITY OF SUN VALLEY, IDAHO
Notes to the Financial Statements
September 30, 2025

-Continued

\$ 141,975 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, 2026.

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, 2025, the beginning of the measurement period ended June 30, 2024, is 4.6 and 4.6 for the measurement period June 30, 2025.

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

Year ended September 30, 2025:

2026	\$ 381,947
2027	\$ (373,236)
2028	\$ (341,555)
2029	\$ (213,108)

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, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

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

An experience study was performed for the period July 1, 2015, through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2025, is based on the results of an actuarial valuation date of July 1, 2025.

CITY OF SUN VALLEY, IDAHO
Notes to the Financial Statements
September 30, 2025

-Continued

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2025.

2025

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. 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 6.55%, as well as what the Employer's proportionate share of the net pension liability (Asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55%) or 1-percentage-point higher (7.55%) than the current rate:

CITY OF SUN VALLEY, IDAHO
Notes to the Financial Statements
September 30, 2025

-Continued

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$2,210,876	\$ 2,233,208	\$2,255,540

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov

Payables to the pension plan

At September 30, 2025, the City reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 11 - INVESTMENT IN MOUNTAIN RIDES TRANSPORTATION AUTHORITY

The Mountain rides Transportation Authority is an Authority Board authorized pursuant to Idaho Code, Section 76-2328 to procure, establish, operate, maintain, and plan for a multimodal public transportation system in and between the corporate limits of Sun Valley, Ketchum, Hailey and Bellevue and within Blaine County Idaho. The Authority receives its funding through federal and state grants, fares, and contributions from the cities in Blaine County as well as from Blaine County. The City's share of operating costs for the year ended September 30, 2025 was \$ 466,000. The Authority is governed by an independent Board comprised of representatives appointed by the Mayors of each city and the Board of the County commissioners, and one "Member-At-Large" appointed by the Board of the Authority.

NOTE 12 -RISK MANAGEMENT

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

CITY OF SUN VALLEY, IDAHO
Notes to the Financial Statements
September 30, 2025

-Continued

NOTE 13 – LITIGATION

The City, at the financial statement date, is not involved in any legal actions.

NOTE 14 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended September 30, 2025, the following funds expenditures exceeded their budgeted appropriations:

None

All funds were made up from either carryover fund balance or proceeds from new debt to make up the deficits.

NOTE 15 – SUBSEQUENT EVENTS

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2025

	<u>Budget</u>			Variance with
	<u>Original</u> <u>Amounts</u>	<u>Final</u> <u>Amounts</u>	<u>Actual</u> <u>Amounts</u>	Final Budget Positive (Negative)
REVENUE:				
Property Taxes	\$ 2,781,143	\$ 2,781,143	\$ 2,815,887	\$ 34,744
Local Option Taxes	2,749,062	2,906,000	3,003,457	97,457
Franchise Fees	242,000	242,000	213,708	(28,292)
Licenses, Permits, and Fees	572,300	605,300	620,346	15,046
Intergovernmental Revenues	860,000	860,000	880,891	20,891
Charges for Services	22,000	36,000	52,360	16,360
Fines and Forfeitures	21,000	21,000	15,153	(5,847)
Interest Earnings	200,000	330,000	473,998	143,998
Grants and Donations	30,100	370,950	359,059	(11,891)
Refunds and Reimbursements	83,000	200,000	5,182	(194,818)
Contract Service Revenue	803,559	803,559	754,304	(49,255)
Other Revenues	5,000	5,000	7,738	2,738
Total Revenue	<u>8,369,164</u>	<u>9,160,952</u>	<u>9,202,083</u>	<u>41,131</u>
EXPENDITURES:				
General Government	1,894,314	1,898,324	2,165,783	(267,459)
Community Development	741,223	736,224	569,892	166,332
Police	2,277,856	2,308,073	2,253,654	54,419
Fire	1,894,612	1,783,897	1,864,820	(80,923)
Fire and Ambulance Districts	410,288	713,381	488,289	225,092
Streets	767,060	785,060	733,597	51,463
Capital Expenses	0	0	0	0
Total Expenditures	<u>7,985,353</u>	<u>8,224,959</u>	<u>8,076,035</u>	<u>148,924</u>
EXCESS REVENUE (EXPENDITURES)	383,811	935,993	1,126,048	190,055
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	0	0	11,888	11,888
Operating transfers (to) other funds	0	0	0	0
NET CHANGE IN FUND BALANCES	383,811	935,993	1,137,936	201,943
FUND BALANCE - BEGINNING	<u>4,777,563</u> #	<u>4,777,563</u>	<u>4,777,563</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 5,161,374</u>	<u>\$ 5,713,556</u>	<u>\$ 5,915,499</u>	<u>\$ 201,943</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Debt Service Fund
for the year ended September 30, 2025

	<u>Budget</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u> <u>Amounts</u>	<u>Final</u> <u>Amounts</u>		
REVENUE:				
Property Taxes	\$ 1,257,546	\$ 1,257,546	\$ 1,271,194	\$ 13,648
Interest Revenue	<u>1,000</u>	<u>3,000</u>	<u>4,703</u>	<u>1,703</u>
Total Revenue	<u>1,258,546</u>	<u>1,260,546</u>	<u>1,275,897</u>	<u>15,351</u>
EXPENDITURES:				
Debt Service	1,252,546	1,252,666	1,252,667	(1)
Others	<u>1,825</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Expenditures	<u>1,254,371</u>	<u>1,254,666</u>	<u>1,254,667</u>	<u>(1)</u>
EXCESS REVENUE (EXPENDITURES)	4,175	5,880	21,230	15,350
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				<u>0</u>
NET CHANGE IN FUND BALANCES	4,175	5,880	21,230	15,350
FUND BALANCE - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 4,175</u>	<u>\$ 5,880</u>	<u>\$ 21,230</u>	<u>\$ 15,350</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Fixed Asset Replacement Fund
for the year ended September 30, 2025

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original Amounts</u>	<u>Final Amounts</u>	<u>Actual Amounts</u>	
REVENUE:				
General Property Tax Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds From Sale of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES:				
Fire Vehicle				0
Police Vehicle	65,000	65,000	60,154	4,846
Fire Engine Pumper	87,469	87,469	87,469	0
Police Equipment	33,000	305,000	303,799	1,201
Snow Plows	1,000,000	900,000	799,397	100,603
Festival Meadows	65,000	65,000	35,463	29,537
Other Equipment	<u>435,000</u>	<u>250,850</u>	<u>215,845</u>	
Total Expenditures	<u>1,685,469</u>	<u>1,673,319</u>	<u>1,502,127</u>	<u>171,192</u>
EXCESS REVENUE (EXPENDITURES)	(1,685,469)	(1,673,319)	(1,502,127)	171,192
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	0	0	0	0
Operating transfers (to) other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(1,685,469)	(1,673,319)	(1,502,127)	171,192
FUND BALANCE - BEGINNING	<u>1,761,422</u>	<u>1,761,422</u>	<u>1,761,422</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 75,953</u>	<u>\$ 88,103</u>	<u>\$ 259,295</u>	<u>\$ 171,192</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Capital Improvement Fund
for the year ended September 30, 2025

	<u>Budget</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u> <u>Amounts</u>	<u>Final</u> <u>Amounts</u>		
REVENUE:				
Property Tax	\$ 0	\$ 0	\$ 0	\$ 0
Grant Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES:				
Capital Outlay	675,000	710,000	195,653	514,347
Others	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Total Expenditures	<u>675,000</u>	<u>710,000</u>	<u>195,653</u>	<u>514,347</u>
EXCESS REVENUE (EXPENDITURES)	(675,000)	(710,000)	(195,653)	514,347
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Operating transfers (to) other funds	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(675,000)	(710,000)	(195,653)	514,347
FUND BALANCE - BEGINNING	<u>1,674,052</u>	<u>1,674,052</u>	<u>1,674,052</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 999,052</u>	<u>\$ 964,052</u>	<u>\$ 1,478,399</u>	<u>\$ 514,347</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Workforce Housing Fund
for the year ended September 30, 2025

	<u>Budget</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u> <u>Amounts</u>	<u>Final</u> <u>Amounts</u>		
REVENUE:				
Local Option Tax .5%	\$ 538,604	\$ 570,000	\$ 567,163	\$ (2,837)
Proceeds From Sale of Assets				0
In-Lieu Housing Fees		253	253	0
Total Revenue	<u>538,604</u>	<u>570,253</u>	<u>567,416</u>	<u>(2,837)</u>
EXPENDITURES:				
Workforce Housing Projects	388,854	255,054	174,820	80,234
Debt Service	135,799	759,114	728,070	31,044
Total Expenditures	<u>524,653</u>	<u>1,014,168</u>	<u>902,890</u>	<u>111,278</u>
EXCESS REVENUE (EXPENDITURES)	13,951	(443,915)	(335,474)	108,441
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	0	0	533,998	533,998
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	13,951	(443,915)	198,524	642,439
FUND BALANCE - BEGINNING	<u>585,083</u>	<u>585,083</u>	<u>585,083</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 599,034</u>	<u>\$ 141,168</u>	<u>\$ 783,607</u>	<u>\$ 642,439</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Street and Path Fund
for the year ended September 30, 2025

	<u>Budget</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u> <u>Amounts</u>	<u>Final</u> <u>Amounts</u>		
REVENUE:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
State Highway User Fees	72,000	72,000	143,185	71,185
Grants and Other Revenues	<u>225,000</u>	<u>92,000</u>	<u>0</u>	<u>(92,000)</u>
Total Revenue	<u>297,000</u>	<u>164,000</u>	<u>143,185</u>	<u>(20,815)</u>
EXPENDITURES:				
Road and Path Maintenance	615,000	477,325	256,908	220,417
Others	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Total Expenditures	<u>615,000</u>	<u>477,325</u>	<u>256,908</u>	<u>220,417</u>
EXCESS REVENUE (EXPENDITURES)	(318,000)	(313,325)	(113,723)	199,602
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
Operating transfers (to) other funds	<u> </u>	<u> </u>	<u> </u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(318,000)	(313,325)	(113,723)	199,602
FUND BALANCE - BEGINNING	<u>2,687,886</u>	<u>2,687,886</u>	<u>2,687,886</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 2,369,886</u>	<u>\$ 2,374,561</u>	<u>\$ 2,574,163</u>	<u>\$ 199,602</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- 1% Local Option Tax Fund
for the year ended September 30, 2025

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original Amounts</u>	<u>Final Amounts</u>	<u>Actual Amounts</u>	
REVENUE:				
Local Option Tax	\$ 528,101	\$ 570,000	\$ 572,873	\$ 2,873
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>528,101</u>	<u>570,000</u>	<u>572,873</u>	<u>2,873</u>
EXPENDITURES:				
Air Service	517,539	558,000	555,819	2,181
Others	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>517,539</u>	<u>558,000</u>	<u>555,819</u>	<u>2,181</u>
EXCESS REVENUE (EXPENDITURES)	10,562	12,000	17,054	5,054
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds	<u>0</u>	<u>0</u>	<u>(11,888)</u>	<u>(11,888)</u>
NET CHANGE IN FUND BALANCES	10,562	12,000	5,166	(6,834)
FUND BALANCE - BEGINNING	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 10,562</u>	<u>\$ 12,000</u>	<u>\$ 5,166</u>	<u>\$ (6,834)</u>

CITY OF SUN VALLEY, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- 1st Responder Housing Fund
for the year ended September 30, 2025

	<u>Budget</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u> <u>Amounts</u>	<u>Final</u> <u>Amounts</u>		
REVENUE:				
Interest Revenue	\$ 2,000	\$ 7,000	\$ 7,898	\$ 898
Other Revenue	<u>225,000</u>	<u>700,000</u>	<u>699,051</u>	<u>(949)</u>
Total Revenue	<u>227,000</u>	<u>707,000</u>	<u>706,949</u>	<u>(51)</u>
EXPENDITURES:				
Professional Fees	0	10,000	9,935	65
Construction Costs	<u>300,000</u>	<u>215,000</u>	<u>172,307</u>	<u>42,693</u>
Total Expenditures	<u>300,000</u>	<u>225,000</u>	<u>182,242</u>	<u>42,758</u>
EXCESS REVENUE (EXPENDITURES)	(73,000)	482,000	524,707	42,707
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds			<u>(533,998)</u>	<u>(533,998)</u>
NET CHANGE IN FUND BALANCES	(73,000)	482,000	(9,291)	(491,291)
FUND BALANCE - BEGINNING	<u>74,448</u>	<u>74,448</u>	<u>74,448</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 1,448</u>	<u>\$ 556,448</u>	<u>\$ 65,157</u>	<u>\$ (491,291)</u>

CITY OF SUN VALLEY, IDAHO
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended September 30, 2025

Required Supplementary Information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Employer's portion of the net pension liability	0.0759655%	0.0747270%	0.0661896%	0.0651646%	0.0687725%
Employer's proportionate share of the net pension liability (asset)	\$ 1,764,019	\$ 852,988	\$ 976,308	\$ 1,024,276	\$ 1,394,124
Employer's covered-employee payroll	\$ 2,733,063	\$ 2,536,586	\$ 2,186,146	\$ 1,963,380	\$ 1,991,260
Employer's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	64.54%	33.63%	44.66%	52.17%	70.01%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%	91.69%	90.68%	87.26%
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Employer's portion of the net pension liability	0.0923514%	0.0874790%	0.0820844%	0.0751713%	0.0762641%
Employer's proportionate share of the net pension liability (asset)	\$ 2,233,208	\$ 3,272,279	\$ 3,275,720	\$ 2,960,816	\$ (66,232)
Employer's covered-employee payroll	\$ 4,356,423	\$ 3,905,951	\$ 3,569,442	\$ 2,987,335	\$ 2,777,634
Employer's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	51.26%	83.78%	91.77%	99.11%	-2.38%
Plan fiduciary net position as a percentage of the total pension liability	90.89%	85.54%	83.83%	83.09%	100.36%

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

Data reported is measured as of June 30, 2025

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 330,844	\$ 292,226	\$ 251,717	\$ 227,816	\$ 204,435
Contributions in relation to the statutorily required contribution	\$ (330,844)	\$ (292,226)	\$ (251,717)	\$ (227,816)	\$ (219,689)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 2,733,063	\$ 2,536,586	\$ 2,186,146	\$ 1,963,380	\$ 1,991,260
Contributions as a percentage of covered-employee payroll	12.11%	11.52%	11.51%	11.60%	10.27%
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contributions	\$ 578,264	\$ 499,372	\$ 436,368	\$ 363,769	\$ 342,390
Contributions in relation to the statutorily required contribution	\$ (578,264)	\$ (499,372)	\$ (436,368)	\$ (363,769)	\$ (342,390)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 4,356,423	\$ 3,905,951	\$ 3,569,442	\$ 2,987,335	\$ 2,777,634
Contributions as a percentage of covered-employee payroll	13.27%	12.78%	12.23%	12.18%	12.33%

**OTHER
SUPPLEMENTARY INFORMATION**

CITY OF SUN VALLEY, IDAHO
Loan-Future Principal and Interest Requirements
at September 30, 2025

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
General Obligation Bonds, Series 2018 \$16,395,000, March 15, 2018 3.00% - 5.00%				
	5.000%	2026	\$ 795,000	\$ 459,796
	5.000%	2027	835,000	420,046
	5.000%	2028	875,000	378,296
	5.000%	2029	920,000	334,546
	3.375%	2030	965,000	288,546
	3.500%	2031	995,000	255,978
	3.500%	2032	1,030,000	221,152
	3.150%	2033	1,070,000	185,102
	3.200%	2034	1,100,000	151,398
	3.250%	2035	1,135,000	116,196
	3.300%	2036	1,175,000	79,310
	3.350%	2037	1,210,000	40,538
			\$ 12,105,000	\$ 2,930,904

The accompanying notes are a part of these financial statements.

CITY OF SUN VALLEY, IDAHO
Loan-Future Principal and Interest Requirements
at September 30, 2025

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
1st Responder Housing Loan \$1,500,000, September 1, 2022 4.20%				
	4.200%	2026	\$ 43,036	\$ 27,094
	4.200%	2027	44,862	25,268
	4.200%	2028	46,766	23,364
	4.200%	2029	48,751	21,379
	4.200%	2030	50,820	19,310
	4.200%	2031	52,977	17,153
	4.200%	2032	55,226	14,905
	4.200%	2033	57,569	12,561
	4.200%	2034	60,012	10,118
	4.200%	2035	62,560	7,571
	4.200%	2036	65,214	4,916
	4.200%	2037	67,958	2,148
			\$ 655,751	\$ 185,787

The accompanying notes are a part of these financial statements.

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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**

December 22, 2025

To the City Council
City of Sun Valley, Idaho
Sun Valley, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Sun Valley, Idaho (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Report Continued—

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho