# CITY OF VICTOR

PHONE (208) 787-2940 | www.victorcityidaho.com

## City Council Staff Report

REPORT DATE: October 11, 2026

MEETING DATE: October 14, 2026

| | |
|---|---|
| SUBJECT | **Water and Sewer Connection Fee Study** |
| ITEM TYPE | ☐ Public Hearing ☐ Work Session ☒ Action Item |
| PRESENTER | Robert M. Heuseveldt, PE – Sunrise Engineering |

APPLICABLE VICTOR VALUES

| | | |
|---|---|---|
| ☐Culturally Historic | ☒ Sustainable | ☐ Connected to Nature |
| ☐ Small Town Feel | ☐ Family Friendly | ☒ Administrative Need |

### PURPOSE & PROCESS

The purpose of this item is to present the Water and Wastewater Collection System Connection Fee Studies and consider the calculated fees.

### BACKGROUND/ALTERNATIVES

Sunrise Engineering has completed the connection fee studies for the Water and Sewer Collection Systems. The studies use an equity buy-in method based on system replacement value, depreciation, debt, and available capacity. The calculated fees are $9,867 per ERU for water and $15,153 per ERU for wastewater collection. The Council may accept the studies, request changes, or take no action.

Idaho allows cities to charge connection fees so new users pay their proportionate share of the existing water and sewer infrastructure that serves them. These fees can help fund replacement of utility facilities and establish reserves for those purposes. The fees must be reasonable, supported by the value and capacity of the existing systems, and dedicated to utility purposes rather than general City expenses. The two Victor studies follow this approach for the existing water system and wastewater collection system. They exclude future expansion costs, and the wastewater study also excludes treatment facilities.

### ATTACHMENTS

- Victor Water System Connection Fee Study
- Victor Wastewater Collection System Connection Fee Study

### FISCAL IMPACT

Adoption would set system buy-in fees of $9,867 per ERU for water and $15,153 per ERU for wastewater collection. Connection and installation charges are separate.

### STAFF IMPACT

Minimal. Staff will update fee schedules and apply the adopted fees to new connections.

## LEGAL REVIEW

City attorney review is recommended before the fees are adopted.

## RECOMMENDATION



Staff recommends accepting the studies and directing staff to prepare the documents needed to adopt the calculated fees.

## SUGGESTED MOTION

I move to accept the Water System Connection Fee Study and the Wastewater Collection System Connection Fee Study and direct staff to prepare the documents needed to adopt the calculated fees.

# Victor Wastewater Collection System Connection Fee Study

City of Victor, Idaho | October, 2026

SUNRISE ENGINEERING

Creating solutions that work and relationships that last.

# VICTOR WASTEWATER COLLECTION SYSTEM CONNECTION FEE STUDY

## October 2026

Sue Muncaster.....Mayor
Emily Sustick .....Council Member
Amy Ross.....Council Member
Stacy Hulsing .....Council Member
Erica Linnell.....Council Member




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## 1. INTRODUCTION

The City of Victor is located in Teton County, Idaho, at the southern end of Teton Valley. The City owns and operates a municipal wastewater collection and conveyance system that serves residential, commercial, and public users. The assets evaluated in this study include gravity sewer mains, sewer force mains, manholes, lift stations, and associated collection and conveyance infrastructure.

The purpose of this Wastewater Collection System Connection Fee Study is to develop a documented basis for assessing a new customer's proportionate share of the value of the City's existing wastewater collection and conveyance system. The analysis evaluates an equity buy-in fee through which new connections contribute toward the existing collection infrastructure and conveyance capacity available to serve them.

The study estimates the gross current replacement value of the wastewater collection and conveyance system, applies an aggregate proxy to estimate unfunded depreciation, deducts outstanding system debt principal, and allocates the resulting net system value over the total existing collection-system capacity expressed in Equivalent Residential Units (ERUs). The resulting amount represents the calculated wastewater collection system buy-in fee per ERU. Physical connection and installation charges are separate from this calculation.

**Scope exclusion:** This study and the calculated fee are limited to the City of Victor's wastewater collection and conveyance assets and associated pumping capacity. Wastewater treatment facilities, treatment-system capacity, and any separate wastewater treatment connection or capacity fee are expressly excluded from this analysis.

This report presents the methodology, supporting information, assumptions, and limitations of the wastewater collection system analysis for consideration by the City. Its purpose is to support a reasonable and equitable allocation of existing collection and conveyance system value between current and new customers, consistent with applicable Idaho statutory authority and relevant court decisions.

## 2. METHODOLOGY

This study uses an **equity buy-in methodology** to estimate a new connection's proportionate share of the value of the City of Victor's existing wastewater collection and conveyance system. Under this approach, the connection fee reflects the value of existing infrastructure and capacity available to serve a new customer. The calculation is presented below.

$$F_{\mathrm{ERU}} = \frac{V_R - D_U - P}{C_{\mathrm{ERU}}}$$

*Figure 1 - Water System Equity Buy-in Equation*

Where:

$F_{ERU}$ = calculated wastewater collection system connection fee per Equivalent Residential Unit (ERU);
$V_R$ = gross current replacement value of the existing wastewater collection and conveyance system;
$D_U$ = estimated unfunded depreciation, determined using an aggregate depreciation proxy;
$P$ = outstanding principal of debt attributable to the wastewater collection and conveyance system assets included in the valuation; and
$C_{ERU}$ = total existing wastewater collection and conveyance system capacity, expressed in ERUs.

The numerator represents the estimated net value of the existing system after accounting for service life already consumed through unfunded depreciation and for outstanding debt principal. Dividing this net value by total existing capacity establishes a proportionate system buy-in amount for one ERU. The capacity denominator represents the system's ability to serve demand, rather than simply the number of currently connected customers. Physical connection and installation charges are separate from this calculation.

Idaho Code Section 50-1030(f) authorizes municipal utility fees for facilities and services. In *Loomis v. City of Hailey*, 119 Idaho 434, 807 P.2d 1272 (1991), the Idaho Supreme Court upheld an equity buy-in approach using replacement value, adjustments for unfunded depreciation and outstanding debt, and allocation over system capacity. Subsequent decisions involving the City of Hayden emphasize the relationship between a connection charge and existing capacity available to serve new users. These authorities inform this study's methodology; they do not establish a prescribed depreciation percentage or eliminate the need to substantiate the calculation's underlying assumptions.

## 3. GROSS CURRENT SYSTEM REPLACEMENT VALUE

The gross current replacement value of the City's existing wastewater collection and conveyance system was estimated using component quantities obtained from the City's GIS data, which are maintained by the City of Victor Public Works Department and were provided to Sunrise Engineering for this analysis. The manhole quantity was obtained from the City of Victor Wastewater Facility Planning Study, prepared by Keller Associates, February 2025. Installed replacement cost allowances were then applied to the inventoried quantities. The complete Gross Current System Replacement Value table is provided in Appendix A and identifies each system component, its quantity, the applicable unit cost, and the resulting estimated replacement cost. Based on this analysis, the **gross current system replacement value is $44,694,200** before adjustments for estimated unfunded depreciation and outstanding debt principal.

The inventory includes gravity sewer mains, sewer force mains, manholes, and four lift stations. Linear facilities were valued by length and diameter, manholes by count, and lift stations using lump-sum replacement allowances reflecting their documented equipment and wetwell characteristics. The unit costs are engineering estimating allowances intended to represent installed replacement costs within the stated scope. Keller's planning study provides supporting cost benchmarks for manholes and Lift Station 1; the allowances for Lift Stations 2–4 were selected for this analysis based on the facility characteristics documented in that study.

The following assumptions were applied in preparing the gross system replacement value as reflected in Appendix A:

- Sewer mains with an unknown size: Gravity sewer mains without an assigned diameter were included in the 8-inch category, and force mains without an assigned diameter were included in the 4-inch category, based on the minimum replacement sizes identified for this analysis. This assumption establishes a replacement size for valuation purposes; it does not establish the actual diameter of the existing component.
- Manholes: The inventory includes 517 manholes at a replacement allowance of $9,800 each, based on Appendix F of Keller's planning study. This allowance was retained at the study's 2024 cost basis. Manholes are valued separately from gravity sewer mains to avoid including their replacement cost in both categories.
- Lift stations: Replacement allowances of $1,450,000, $1,000,000, $750,000, and $850,000 were assigned to Lift Stations 1 through 4, respectively. The Lift Station 1 allowance uses Keller's $1,306,000 station replacement line item as a benchmark, with assumed annual escalation of 4%

for two years and upward rounding. The allowances for Lift Stations 2–4 are engineering estimates informed by their documented pump equipment and wetwell dimensions; they are not complete-station replacement estimates published by Keller. Force mains are valued separately.

- Estimate exclusions: The replacement allowances exclude external service laterals, significant pavement restoration, unusual excavation conditions, engineering, and separately added project-wide costs. Accordingly, the total represents replacement value within the defined scope rather than the complete cost of a comprehensive system reconstruction project.
- System ownership and scope: The valuation includes the inventoried wastewater collection and conveyance assets attributable to the City of Victor. It does not include wastewater treatment facilities or collection and conveyance assets owned by the City of Driggs.

The valuation reflects replacement of the inventoried system components and does not include a separate allowance for future expansion. Depreciation and debt adjustments are applied separately in subsequent sections of this report.

## 4. ESTIMATED UNFUNDED DEPRECIATION – AGGREGATE PROXY

An adjustment for estimated unfunded depreciation was applied to the gross current replacement value to account for the service life already consumed by the City's existing wastewater collection and conveyance system assets. This adjustment reduces the value allocated to new connections to reflect an existing system whose components have differing ages and remaining useful lives.

An aggregate depreciation proxy was used in place of a complete asset-by-asset assessment of age, condition, and remaining useful life. The proxy was derived from the City of Victor's fiscal year 2025 audited financial statements, included in Appendix B. The Statement of Net Position—Proprietary Funds, printed page 8, reports the Wastewater Fund amounts summarized in Table 1 as of September 30, 2025:

*Table 1. Wastewater Fund Plant and Equipment Depreciation*

| Audit component | Amount |
|---|---|
| Plant and equipment, historical cost | $5,067,552 |
| Accumulated depreciation | $2,123,176 |
| **Aggregate depreciation percentage** | **41.8975%** |

The aggregate percentage was calculated by dividing accumulated depreciation by the gross historical cost of plant and equipment. Accumulated depreciation represents the cumulative accounting allocation of asset cost over useful life, rather than depreciation expense for a single year.

The resulting percentage was applied to the $44,694,200 gross current system replacement value presented in Section 3 above. Using the unrounded percentage produces an estimated depreciation adjustment of **$18,725,738**. This approach uses the audit to establish an aggregate depreciation proportion while retaining replacement costs as the valuation basis.

For this study, no funded replacement reserve credit has been applied. The full estimated depreciation adjustment is therefore treated as estimated unfunded depreciation and deducted in the equity buy-in calculation. This treatment is a study assumption; accumulated depreciation is not itself a cash reserve, and

the audit's presentation of cash or net position does not establish that those amounts are available and designated for replacement of the inventoried assets.

The aggregate proxy provides a practical estimate but does not directly measure the physical condition or remaining useful life of individual components. Its application assumes that the audited Wastewater Fund asset pool reasonably represents the assets included in the replacement inventory. Subject to this assumption, **$18,725,738 is carried forward as the estimated unfunded depreciation deduction**.

## 5. OUTSTANDING SYSTEM DEBT PRINCIPAL

Outstanding wastewater system debt principal was deducted from the replacement value after the depreciation adjustment to determine the estimated net system equity available for allocation to new connections. This deduction recognizes that a portion of the existing infrastructure remains financed through unpaid debt, which the utility must repay through future revenues.

The debt amount was obtained from the City of Victor's fiscal year 2025 audited financial statements, included in Appendix B. The Statement of Net Position—Proprietary Funds, printed page 8, identifies the Wastewater Fund liabilities summarized in Table 2 as of September 30, 2025:

*Table 2. Wastewater Fund Outstanding System Debt Principal*

| Audit component | Outstanding principal |
|---|---|
| Current portion of long-term debt | $183,948 |
| Noncurrent bonds and capital leases payable | $524,742 |
| **Total outstanding system debt principal** | **$708,690** |

The current portion represents principal classified as payable within the next fiscal year. The noncurrent portion represents the remaining principal classified as payable beyond that period. Both portions were included so that the deduction reflects the total outstanding obligation rather than only the upcoming annual payment.

The adjustment includes outstanding principal only; it does not include future interest or other Wastewater Fund liabilities, such as accounts payable, pension liabilities, or compensated absences. Those amounts are not outstanding principal associated with financing the system assets.

For this study, **$708,690 is carried forward as the outstanding system debt principal deduction.** This amount uses the September 30, 2025 audited balance and assumes that the reported Wastewater Fund debt is attributable to assets included in the replacement valuation. No adjustment has been applied for principal repayments or additional borrowing after that date.

## 6. TOTAL EXISTING SYSTEM CAPACITY

Total existing system capacity provides the basis for allocating the estimated net system value among the Equivalent Residential Units (ERUs) that the existing infrastructure can serve. An ERU represents the wastewater demand associated with an average residential user and allows residential and nonresidential demands to be expressed on a common basis. The capacity denominator includes existing demand and capacity available for additional demand; it is distinct from the number of currently connected customers.

The capacity evaluation references the City of Victor Wastewater Facility Planning Study, prepared by Keller Associates, February 2025. The planning study is maintained by the City and is available for review at City offices. It is referenced here but is not reproduced in this report.

Table 4-1, printed page 4-3, identifies an existing firm pumping capacity of 700 gallons per minute (gpm) at Lift Station 1. The station conveys wastewater from the City and Teton Reserve and serves as the governing capacity basis for this analysis. Firm capacity represents the pumping capacity available with the largest pumping unit out of service. Accordingly, this study uses 100% of the identified firm capacity rather than the combined capacity of both installed pumps.

Table 4-5, printed page 4-15, establishes a peak-hour flow allowance of 0.42 gpm per Equivalent Dwelling Unit (EDU). For this study, one EDU is treated as equivalent to one wastewater ERU. Dividing the identified firm pumping capacity by this flow allowance yields the following:

Total capacity = 700 gpm ÷ 0.42 gpm per ERU = 1,666.67 ERUs

**The calculated capacity was rounded to 1,667 ERUs, which is used as the capacity denominator** in the equity buy-in calculation. The planning study's 85% firm-capacity threshold is used to trigger planning for improvements; this analysis uses the full existing firm capacity to allocate system value.

The capacity allocation is limited to the City of Victor's existing collection and conveyance system and does not incorporate assessments of facilities owned by the City of Driggs. It represents a pumping-based equivalent capacity for allocating the value of Victor's inventoried assets, rather than a guarantee of service availability at every location. Capacities associated with proposed future improvements are not included.

## 7. WASTEWATER COLLECTION SYSTEM CONNECTION FEE PER ERU

The wastewater collection system connection fee per Equivalent Residential Unit (ERU) was calculated using the equity buy-in methodology described in this report. The gross current replacement value of the existing wastewater collection and conveyance system was reduced by estimated unfunded depreciation and outstanding system debt principal. The resulting estimated net system value was then divided by the capacity allocation of 1,667 ERUs established in Section 6. Table 3 summarizes the calculation.

*Table 3. Victor Wastewater Collection System Connection Fee Calculation*

| Calculation component | Amount |
|---|---|
| Gross current system replacement value | $44,694,200 |
| Less: Estimated unfunded depreciation<br>Aggregate proxy | ($18,725,738) |
| Less: Outstanding system debt principal | ($708,690) |
| **Net system replacement cost after deductions** | **$25,259,772** |
| Total existing system capacity | 1,667 ERUs |
| **Wastewater collection system connection fee per ERU** | **$15,153** |

The calculation uses the unrounded aggregate depreciation percentage, with monetary values displayed to the nearest dollar. Dividing the estimated net system value by 1,667 ERUs produces a calculated **connection fee of $15,153 per ERU**, rounded to the nearest dollar.

This amount represents the estimated proportionate buy-in contribution for a new connection assigned one ERU of demand. Connections assigned greater or lesser demand should be charged in proportion to their assigned ERUs under the City's applicable equivalency schedule.

The calculated fee reflects the valuation scope, engineering replacement cost allowances, aggregate depreciation proxy, debt adjustment, and pumping-based capacity assumption documented in this report. It allocates the value of Victor's existing wastewater collection and conveyance assets and does not include wastewater treatment facilities, treatment-system capacity, a wastewater treatment connection or capacity fee, a separate charge for future expansion, or facilities owned by the City of Driggs. Physical connection and installation charges are separate from the wastewater collection system buy-in fee.

## REFERENCES


City of Victor. 2025. *Financial Statements, Year Ended September 30, 2025*. Victor, Idaho. Statement of Net Position—Proprietary Funds, p. 8, Wastewater Fund column. Included in Appendix B.

City of Victor Public Works Department. 2026. *Wastewater System GIS Inventory*. Victor, Idaho. GIS component quantities provided to Sunrise Engineering for the replacement valuation; manhole quantity supplemented by Keller Associates, Inc. (2025).

Idaho Code § 50-1030(f). *Idaho Revenue Bond Act*. https://law.justia.com/codes/idaho/title-50/chapter-10/section-50-1030/.

Keller Associates, Inc. 2025. *City of Victor Wastewater Facility Planning Study*. February 2025. Table 4-1, p. 4-3; Section 4.4.1 and Table 4-5, pp. 4-14–4-15; Appendix F, Annual Replacement Budgets; and Appendix G, Capital Improvement Plan. Maintained by the City of Victor and available for review at City offices.

*Loomis v. City of Hailey*, 119 Idaho 434, 807 P.2d 1272 (1991). https://app.midpage.ai/document/loomis-v-city-of-hailey-1454695.

*North Idaho Building Contractors Association v. City of Hayden*, 158 Idaho 79, 343 P.3d 1086 (2015). https://law.justia.com/cases/idaho/supreme-court-civil/2015/41316.html.

*North Idaho Building Contractors Association v. City of Hayden*, Idaho Supreme Court Docket No. 45181 (Dec. 28, 2018). https://law.justia.com/cases/idaho/supreme-court-civil/2018/45181.html.

Sunrise Engineering. 2026. *Victor Wastewater Collection System Connection Fee Study*. Microsoft Excel workbook, October 11, 2026. Worksheets: Gross System Replacement Value, Outstanding Debt, Estimated Depreciation, and Recommended Connection Fee. Gross System Replacement Value schedule included in Appendix A.

# APPENDIX A

Gross System Replacement Value

## Wastewater Collection Sytem Connection Fee Analysis

**Gross Replacement Value**

Date: 10/11/2026

| Item # | Description | Quantity | Unit | Unit Cost | Total cost |
|---|---|---|---|---|---|
| 1 | 6" Sewerline | 709 | LF | $ 175.00 | $ 124,075.00 |
| 2 | 8" Sewerline* | 155,547 | LF | $ 200.00 | $ 31,109,400.00 |
| 3 | 12" Sewerline | 5,381 | LF | $ 250.00 | $ 1,345,250.00 |
| 4 | 4" Sewer Force Main* | 11,782 | LF | $ 100.00 | $ 1,178,200.00 |
| 5 | 6" Sewer Force Main | 5,449 | LF | $ 125.00 | $ 681,125.00 |
| 6 | 8" Sewer Force Main | 7,597 | LF | $ 150.00 | $ 1,139,550.00 |
| 7 | Sewer Manhole** | 517 | EA | $ 9,800.00 | $ 5,066,600.00 |
| 8 | Lift Station #1 | 1 | LS | $ 1,450,000.00 | $ 1,450,000.00 |
| 9 | Lift Station #2 | 1 | LS | $ 1,000,000.00 | $ 1,000,000.00 |
| 10 | Lift Station #3 | 1 | LS | $ 750,000.00 | $ 750,000.00 |
| 11 | Lift Station #4 | 1 | LS | $ 850,000.00 | $ 850,000.00 |
| | | | | **Total Replacement Cost** | **$ 44,694,200.00** |

*The inventory gravity and pressure sewerlines that were not assigned a size value were added to the minimum size currently allowed in Victor which is 8 inches and 4 inches respectively.

# APPENDIX B

City of Victor Financial Statements for Year Ended September 30, 2025

# CITY OF VICTOR IDAHO

## Financial Statements

## Year Ended September 30, 2025

# CITY OF VICTOR, IDAHO
## Financial Statements
## For the year ended September 30, 2025

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WORKMAN & COMPANY | Office of Accounting

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**INDEPENDENT AUDITOR'S REPORT**

March 31, 2026

To the City Council
City of Victor, Idaho
Victor, Idaho

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate discretely presented component unit of the City of Victor, 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 Victor, 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, the business-type activities, and the aggregate discretely presented component unit of the City of Victor, Idaho, as of September 30, 2025, 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. 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 Victor, 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 Victor, 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.
- 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 Victor, 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 Victor, 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 25 - 29 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the City of Victor, 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.

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*Workman & Company*

Certified Public Accountants
Twin Falls, Idaho

**CITY OF VICTOR, IDAHO**
**Statement of Net Position**
**at September 30, 2025**

| | Governmental Activities | Business-type Activities | Total Primary Government | Component Unit Urban Renewal Agency |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Deposits | $ 6,120,961 | $ 7,895,438 | $ 14,016,399 | |
| Accounts Receivable | 592,314 | 177,376 | 769,690 | |
| Taxes Receivable | 242,923 | | 242,923 | |
| Due From Other Governments | 122,403 | | 122,403 | |
| Restricted and Asssigned Cash | | 191,786 | 191,786 | $ 250,803 |
| Due From Other Funds | | | | |
| Totals | 7,078,601 | 8,264,600 | 15,343,201 | 250,803 |
| Capital Assets: | | | | |
| Land | 815,914 | 470,866 | 1,286,780 | |
| Construction in Progress | | | 0 | |
| Infrastructure | 6,051,635 | 10,384,433 | 16,436,068 | |
| Buildings and Improvements | 3,247,859 | 1,605,079 | 4,852,938 | |
| Equipment and Vehicles | 1,069,312 | 1,008,542 | 2,077,854 | |
| Accumulated Deprecation | (3,174,640) | (6,123,398) | (9,298,038) | |
| Total Capital Assets | 8,010,080 | 7,345,522 | 15,355,602 | 0 |
| **Total Assets** | 15,088,681 | 15,610,122 | 30,698,803 | 250,803 |
| Deferred Outflows of Resources and Pension Assets: | | | | |
| Deferred Outflows from Pensions Activity | 43,291 | 42,822 | 86,113 | 0 |
| **LIABILITIES** | | | | |
| Accounts and Payroll LiabilitiesPayable | 1,694,119 | 241,813 | 1,935,932 | |
| Long-term Liabilities: | | | | |
| Portion due or payable within one year: | | | | |
| Loans Payable | 268,103 | 525,566 | 793,669 | |
| Portion due or payable after one year: | | | | |
| Loans Payable | 767,262 | 1,548,871 | 2,316,133 | 166,685 |
| Net Pension Liability | 229,726 | 227,237 | 456,963 | |
| Compensated Absences | 19,689 | 22,122 | 41,811 | |
| **Total Liabilities** | 2,978,899 | 2,565,609 | 5,544,508 | 166,685 |
| Deferred Inflows of Resources: | | | | |
| Deferred Inflows from Assessments/Leases | 405,292 | 98,374 | 503,666 | 0 |
| **NET POSITION** | | | | |
| Invested in Capital Assets - net of related debt | 6,974,715 | 5,271,085 | 12,245,800 | |
| Restricted For: | | | | |
| Debt Service | | 191,786 | 191,786 | |
| Other Purposes | | | | 84,118 |
| Unrestricted | 4,773,066 | 7,526,090 | 12,299,156 | |
| **Total Net Position** | $ 11,747,781 | $ 12,988,961 | $ 24,736,742 | $ 84,118 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Activities**
**For the Year Ended September 30, 2025**

| Activities: | Expenses | Program Revenues: Fees, Fines, and Charges for Services | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenues and Changes in Net Position: Governmental Activities | Net (Expense) Revenues and Changes in Net Position: Business Type Activities | Net (Expense) Revenues and Changes in Net Position: Total | Component Unit - Urban Renewal Agency |
|---|---|---|---|---|---|---|---|
| **Governmental:** | | | | | | | |
| Governmental Activities | $ 756,670 | $ 389,322 | $ 536,831 | $ 169,483 | | $ 169,483 | |
| Parks and Streets | 531,375 | | | (531,375) | | (531,375) | |
| Capital Projects | 469,357 | | | (469,357) | | (469,357) | |
| Debt Service | 65,150 | | | (65,150) | | (65,150) | |
| Unallocated Depreciation | 279,768 | | | (279,768) | | (279,768) | |
| Total Governmental Activities | 2,102,320 | 389,322 | 536,831 | (1,176,167) | | (1,176,167) | |
| **Business Type:** | | | | | | | |
| Water | 968,928 | 1,813,939 | | | $ 845,011 | 845,011 | |
| Wastewater | 904,091 | 2,692,773 | | | 1,788,682 | 1,788,682 | |
| Irrigation | 17,291 | 33,554 | | | 16,263 | 16,263 | |
| Interest - on long-term debt | 81,504 | | | | (81,504) | (81,504) | |
| Depreciation | 304,915 | | | | (304,915) | (304,915) | |
| Total Business-type Activities | 2,276,729 | 4,540,266 | 0 | | 2,263,537 | 2,263,537 | |
| Total City of Victor, Idaho | $ 4,379,049 | 4,929,588 | $ 536,831 | (1,176,167) | 2,263,537 | 1,087,370 | |
| Component Units: | | | | | | | |
| Urban Renewal Agency | $ 48,474 | | | | | | $ (48,474) |
| Total | | | | | | | (48,474) |
| General Revenues: | | | | | | | |
| State of Idaho liquor receipts | | | | 96,607 | | 96,607 | 98,252 |
| State highway user collections | | | | 186,716 | | 186,716 | |
| State of Idaho shared revenue | | | | 265,211 | | 265,211 | |
| Local Option tax revenue | | | | 1,169,218 | | 1,169,218 | |
| Highway Road and Bridge tax | | | | 0 | | 0 | |
| Franchises, licenses, permits | | | | 364,080 | | 364,080 | |
| City Property Assessments | | | | 780,607 | | 780,607 | |
| Earnings on investments | | | | 196,709 | 103,260 | 299,969 | 217 |
| Gain on sale of assets | | | | | | 0 | |
| Miscellaneous | | | | 103,143 | | 103,143 | |
| Gain (Loss) on Pension Activity | | | | (125,448) | 25,303 | (100,145) | |
| | | | | | | 0 | |
| Total general revenues and transfers | | | | 3,036,843 | 128,563 | 3,165,406 | 98,469 |
| Changes in net position | | | | 1,860,676 | 2,392,100 | 4,252,776 | 49,995 |
| Net Position - Beginning | | | | 9,887,105 | 10,596,861 | 20,483,966 | 34,123 |
| Net Position - Ending | | | | $ 11,747,781 | $ 12,988,961 | $ 24,736,742 | $ 84,118 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Balance Sheet**
**Governmental Funds**
**at September 30, 2025**

| | General Fund | Road & Bridge Fund | Capital Projects Fund | Local Option Tax Fund | Non-Major Improvements & Impact Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | |
| Cash and Cash Deposits | $ 2,623,355 | $ 983,502 | $ 653,814 | $ 694,779 | $ 1,165,511 | $ 6,120,961 |
| Taxes Receivable | 28,865 | | | 214,058 | | 242,923 |
| Due From Other Governments | 91,709 | 30,694 | | | | 122,403 |
| Due From Other Funds | 0 | (162,994) | 162,994 | | | 0 |
| Other Receivables | 395,385 | | 194,726 | | 2,203 | 592,314 |
| Total Assets | $ 3,139,314 | $ 851,202 | $ 1,011,534 | $ 908,837 | $ 1,167,714 | $ 7,078,601 |
| **LIABILITIES:** | | | | | | |
| Cash Deficit | $ | $ | $ | $ | $ | $ 0 |
| Accounts Payable | 113,269 | 25,789 | 86,220 | 296,640 | 1,139,857 | 1,661,775 |
| Accrued Labor Payable | 15,213 | 7,807 | | | | 23,020 |
| Total Liabilities | 128,482 | 33,596 | 86,220 | 296,640 | 1,139,857 | 1,684,795 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable Revenue - LID Assessment | 9,324 | | | | | 9,324 |
| Unavailable Revenue - Leases | 305,841 | | | | | 305,841 |
| Total Deferred Inflows of Resources | 315,165 | 0 | 0 | 0 | 0 | 315,165 |
| FUND BALANCE: | | | | | | |
| Non-spendable | | | | | | 0 |
| Restricted | | | | | | 0 |
| Committed | | | | | | 0 |
| Assigned | | 817,606 | 925,314 | 612,197 | 27,857 | 2,382,974 |
| Unassigned | 2,695,667 | | | | | 2,695,667 |
| Total Fund Balance | 2,695,667 | 817,606 | 925,314 | 612,197 | 27,857 | 5,078,641 |
| Total Liabilities and Fund Balance | $ 3,139,314 | $ 851,202 | $ 1,011,534 | $ 908,837 | $ 1,167,714 | |

Amounts reported for governmental activities in the Statement of Net Position (page 11) are different because:

| | |
|---|---|
| Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is $ 11,184,720 and the accumulated depreciation is $ 3,174,640 . . . . . | 8,010,080 |
| Long-term liabilities, including bonds and compensated absences are not payable in the current period and therefore are not reported in the governmental funds . . . . . | (1,055,054) |
| Pension activity is not reported in the government funds . . . . . | (258,886) |
| Net Position of Governmental Funds . . . . . | $ 11,774,781 |

The accompanying notes are a part of these financial statements.

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

| | General Fund | Road & Bridge Fund | Capital Projects Fund | Local Option Tax Fund | Non-Major Improvement & Impact Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUE:** | | | | | | |
| Property taxes | $ 630,907 | $ 149,700 | $ | $ | $ | $ 780,607 |
| Franchises, licenses, permits | 15,092 | | | | 348,988 | 364,080 |
| State of Idaho shared revenue | 265,211 | | | | | 265,211 |
| Local Option Idaho sales tax | | | | 1,169,218 | | 1,169,218 |
| State of Idaho liquor receipts | 96,607 | | | | | 96,607 |
| State highway user collections | | 186,716 | | | | 186,716 |
| Fees, fines and charges for services | 318,742 | | 70,580 | | | 389,322 |
| Grants and contributions | 850 | 133,841 | 391,820 | | 10,320 | 536,831 |
| Interest earnings | 107,754 | 68,895 | | | 20,060 | 196,709 |
| Gain on Sale of Assets | | | | | | 0 |
| Miscellaneous | 13,949 | | 29,655 | 59,539 | | 103,143 |
| Total Revenue | 1,449,112 | 539,152 | 492,055 | 1,228,757 | 379,368 | 4,088,444 |
| **EXPENDITURES:** | | | | | | |
| Salary and Wages | 699,142 | 272,717 | | | | 971,859 |
| Administration | 78,192 | | | | | 78,192 |
| Professional Fees | 114,508 | | | | | 114,508 |
| Maintenance and Utilities | 119,078 | 1,104,118 | 89,959 | 645,707 | 348,988 | 2,307,850 |
| Contributions | 42,000 | | | | | 42,000 |
| Community Events | 28,399 | | | | | 28,399 |
| Insurance | 24,650 | | | | | 24,650 |
| Community Development | 58,835 | | | | | 58,835 |
| Miscellaneous | 19,931 | | | | | 19,931 |
| Capital Outlay | | | 379,398 | | | 379,398 |
| Total Expenditures | 1,184,735 | 1,376,835 | 469,357 | 645,707 | 348,988 | 4,025,622 |
| **EXCESS REVENUE (EXPENDITURES)** | 264,377 | (837,683) | 22,698 | 583,050 | 30,380 | 62,822 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Operating transfers from other funds | 62,528 | 428,358 | | | | 490,886 |
| Operating transfers (to) other funds | | | | (490,886) | | (490,886) |
| NET CHANGE IN FUND BALANCES | 326,905 | (409,325) | 22,698 | 92,164 | 30,380 | 62,822 |
| FUND BALANCE - BEGINNING | 2,368,762 | 1,226,931 | 902,616 | 520,033 | (2,523) | 5,015,819 |
| FUND BALANCE - ENDING | $ 2,695,667 | $ 817,606 | $ 925,314 | $ 612,197 | $ 27,857 | $ 5,078,641 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, 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) | $ | 62,822 |
| 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. | | |
| This is the amount of current year depreciation. | | 279,768 |
| This is the amount of new assets paid in the Government Funds. | | 1,562,422 |
| This is the amount of disposed of Governmental Fund assets. | | 0 |
| 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. | | |
| This is the amount of current principal/premium adjustments on capital debt. | | (169,784) |
| Gain (Loss) on Pension Activity | | 125,448 |
| Some property taxes will not be collected for several months after the City's fiscal year end. They are not considered available revenues in the governmental funds, but are recorded as deferred tax revenues. However, they are recorded as revenues in the Statement of Activities. | | |
| This is the change in deferred revenue in the current year. | | 0 |
| Change in Net Position of Governmental Activities (Page 12) | $ | 1,860,676 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Net Position**
**Proprietary Funds**
**at September 30, 2025**

| **Assets:** | **Water Fund** | **Wastewater Fund** | **Irrigation Fund** | **Totals** |
|---|---|---|---|---|
| Current Assets: | | | | |
| Cash and Deposits | $ 2,812,265 | $ 5,008,257 | $ 74,916 | $ 7,895,438 |
| Accts receivable - customers | 82,939 | 94,437 | | 177,376 |
| | 2,895,204 | 5,102,694 | 74,916 | 8,072,814 |
| **Restricted Current Assets:** | | | | |
| Cash and Deposits | 95,893 | 95,893 | | 191,786 |
| Total Current Assets | 2,991,097 | 5,198,587 | 74,916 | 8,264,600 |
| **Capital Assets:** | | | | |
| Plant and equipment | 8,401,368 | 5,067,552 | | 13,468,920 |
| Accumulated depreciation | (4,000,222) | (2,123,176) | | (6,123,398) |
| Net Plant and equipment | 4,401,146 | 2,944,376 | 0 | 7,345,522 |
| **Total Assets** | 7,392,243 | 8,142,963 | 74,916 | 15,610,122 |
| **Deferred Outflows of Resources and Net Pension Asset:** | | | | |
| Deferred Outflows from Pensions | 21,412 | 21,410 | | 42,822 |
| **Liabilities:** | | | | |
| Current Liabilities: | | | | |
| Accounts and Other Accrued Payables | 52,000 | 170,484 | 145 | 222,629 |
| Accrued Payroll Payable | 9,592 | 9,592 | | 19,184 |
| Current portion long-term debt | 341,618 | 183,948 | | 525,566 |
| Total current liabilities | 403,210 | 364,024 | 145 | 767,379 |
| **Noncurrent Liabilities:** | | | | |
| Bonds and Captial Leases Payable | 1,024,129 | 524,742 | | 1,548,871 |
| Net Pension Liability | 113,621 | 113,616 | | 227,237 |
| Compensated Absences Payable | 11,061 | 11,061 | | 22,122 |
| Total noncurrent liabilities | 1,148,811 | 649,419 | 0 | 1,798,230 |
| **Total Liabilities** | 1,552,021 | 1,013,443 | 145 | 2,565,609 |
| **Deferred Inflows of Resources:** | | | | |
| Deferred Inflows from Pensions | 49,188 | 49,186 | 0 | 98,374 |
| **Net Position:** | | | | |
| Investment in capital assets net of related debt | 3,035,399 | 2,235,686 | 0 | 5,271,085 |
| Restricted | 95,893 | 95,893 | 0 | 191,786 |
| Unrestricted | 2,681,154 | 4,770,165 | 74,771 | 7,526,090 |
| **Total Net Position** | $ 5,812,446 | $ 7,101,744 | $ 74,771 | $ 12,988,961 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Revenues, Expenses, and Changes in Net Position**
**Proprietary Funds**
**for the year ended September 30, 2025**

| | Water Fund | Wastewater Fund | Irrigation Fund | Totals |
|---|---|---|---|---|
| **Operating Revenues:** | | | | |
| Charges for services | $ 1,712,069 | $ 2,692,773 | $ 32,131 | $ 4,436,973 |
| Miscellaneous | 101,870 | | 1,423 | 103,293 |
| Total Operating Revenue | 1,813,939 | 2,692,773 | 33,554 | 4,540,266 |
| **Operating Expenses:** | | | | |
| Salaries and benefits | 345,791 | 345,775 | 5,013 | 696,579 |
| Administrative and supplies | 7,979 | 8,461 | | 16,440 |
| Operations and maintenance | 551,575 | 537,147 | 12,278 | 1,101,000 |
| Utilities | 63,583 | 12,708 | | 76,291 |
| Depreciation | 169,896 | 135,019 | | 304,915 |
| Total Operating Expenses | 1,138,824 | 1,039,110 | 17,291 | 2,195,225 |
| **Net Operating Income** | 675,115 | 1,653,663 | 16,263 | 2,345,041 |
| **Nonoperating Revenues (Expenses):** | | | | |
| Interest Income | | 103,260 | | 103,260 |
| Interest Expense | (39,529) | (41,975) | | (81,504) |
| Grants | | | | 0 |
| Gain on Sale of Assets | | | | |
| Gain (Loss) on Pension Activity | 12,386 | 12,917 | | 25,303 |
| Total Nonoperating | (27,143) | 74,202 | 0 | 47,059 |
| **Income before transfers** | 647,972 | 1,727,865 | 16,263 | 2,392,100 |
| Transfers in | | | | 0 |
| Transfers out | | | | 0 |
| **Net Income** | 647,972 | 1,727,865 | 16,263 | 2,392,100 |
| **Total Net Position - Beginning** | 5,164,474 | 5,373,879 | 58,508 | 10,596,861 |
| **Total Net Position - Ending** | $ 5,812,446 | $ 7,101,744 | 74,771 | $ 12,988,961 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Cash Flows**
**Proprietary Funds**
**for the year ended September 30, 2025**

| | Water Fund | Wastewater Fund | Irrigation Fund | Total |
|---|---|---|---|---|
| **Cash Flows From Operating Activities:** | | | | |
| Receipts from customers | $ 1,813,939 | $ 2,692,773 | $ 33,554 | $ 4,540,266 |
| Payments to suppliers | (609,936) | (549,807) | (12,133) | (1,171,876) |
| Payments to employees | (342,111) | (342,096) | (5,013) | (689,220) |
| Other receipts | | | | 0 |
| Net cash provided (used) by operations | 861,892 | 1,800,870 | 16,408 | 2,679,170 |
| **Cash Flows From Capital and Related Financing Activities:** | | | | |
| Purchase and construction of capital assets | 79,889 | 143,481 | | 223,370 |
| Principal paid on capital debt | (571,144) | (299,701) | | (870,845) |
| Interest paid on capital debt | (39,529) | (41,975) | | (81,504) |
| Net cash provided (used) by capital and related financing activities | (530,784) | (198,195) | 0 | (728,979) |
| **Cash Flows From Investing Activities:** | | | | |
| Due to other funds | | | | 0 |
| Transfers In/(Out) | | | | 0 |
| Interest Income | | 103,260 | | 103,260 |
| Net cash provided (used) by investing | 0 | 103,260 | 0 | 103,260 |
| **Net Increase (Decrease) in Cash and Deposits** | 331,108 | 1,705,935 | 16,408 | 2,053,451 |
| **Balances - Beginning of the year** | 2,577,050 | 3,398,215 | 58,508 | 6,033,773 |
| **Balances - Ending of the year** | $ 2,908,158 | 5,104,150 | $ 74,916 | $ 8,087,224 |
| Displayed as: | | | | |
| Pooled Cash and Investments | 2,812,265 | 5,008,257 | 74,916 | 7,895,438 |
| Restricted Assets | 95,893 | 95,893 | | 191,786 |
| **Balances - Ending of the year** | $ 2,908,158 | 5,104,150 | $ 74,916 | $ 8,087,224 |
| **Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:** | | | | |
| Operating Income | 675,115 | 1,653,663 | 16,263 | 2,345,041 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 169,896 | 135,019 | | 304,915 |
| Changes in assets and liabilities: | | | | |
| Receivables, net | | | | 0 |
| Accounts and other payables | 16,881 | 12,188 | 145 | 29,214 |
| **Net Cash Provided (Used) by Operating Activity** | $ 861,892 | $ 1,800,870 | $ 16,408 | $ 2,679,170 |

The accompanying notes are a part of these financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the City of Victor (the "City") have been prepared in accordance with accounting principles generally accepted in the United States {GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

Reporting Entity

The City is governed by an elected Mayor and City Council which together possess the final decision-making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding and deficits and borrowing funds and/or issuing bonds to finance construction.

Discretely Presented Component Unit. In conformity with generally accepted accounting principles, the basic financial statements of Victor Urban Renewal Agency are required to be included in the financial reporting entity as a discretely presented component unit, emphasizing their nature as a legally separate entity from the City.

Victor Urban Renewal Agency {the Agency). This component unit has a board, which is appointed by the Mayor of the City with the advice and consent of the Victor City Council. The Victor Urban Renewal Agency rehabilitates deteriorating or deteriorated areas. It has a fiscal year end of September 30. For financial reporting purposes, the City of Victor, Idaho, combines the general maintenance and operating accounts of the Agency with all other funds which the management of the City has oversight responsibility and the governing authority to significantly influence operations.

There are no other boards, councils, or component units for which the City of Victor exercises authority.

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

**Basis of Presentation:**

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

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

-Continued

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

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

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

The City reports the following governmental funds:

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

The City reports the following enterprise funds:

*Water, Wastewater, and Irrigation Funds.* These funds account for the operation, maintenance, and development of the City's water and waste-water facilities, and irrigation collection.

**Discretely Presented Component Unit**

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

**Measurement Focus, Basis of Accounting**

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

-continued

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

*Entity Classifications.*

*A.* City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.

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

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

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

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

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

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

-Continued

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

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

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

**Deposits and Investments**

The cash balances of substantially all funds are pooled and deposited in either US Bank or the funds individually invest in the State of Idaho Treasurer's Office for the purpose of increasing earnings through investment activities. The State Investment Pool amounts are reported at fair value at September 30 of each year based on market prices. The individual funds' portions of the bank balance and fair value of the State Investment Pool are presented as "Cash and Deposits". Earnings from the State Investments Pool are credited each month in the individual funds where the account is reported.

**Cash and Deposits**

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

**Receivables and Payable**

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

**Property Tax Calendar**

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

**Budgetary Data**

Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.

-Continued

The operating budget includes proposed expenditures and the means of financing them. After reviewing the preliminary budget, the Council sets a public budget hearing to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance.

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval. All annual appropriations lapse at year end. Budgetary data is prepared on the basis of accounting used by a particular fund as explained above. However, only current period payments on capital leases are budgeted, not the full capitalized lease amounts. Depreciation for the proprietary funds is not budgeted; however, an allowance for capital outlay is included in budgeted expenditures.

Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Inventory**

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

**Capital Assets**

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

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

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

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

Continued

**Compensated Absences**

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

**Pensions**

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

**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.

## NOTE 2 – CASH AND DEPOSITS

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, $ 1,474,977 of the City's bank balances were exposed to custodial credit risk because it was not covered by the FDIC.

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

-Continued

Investment Type

| | |
|---|---|
| Idaho State Local Government Investment Pool | $ 7,777,263 |

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

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

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

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

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

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

| | |
|---|---|
| Cash on Hand | $ 0 |
| Deposits with financial institutions: | |
| Demand deposits | 2,224,978 |
| Brokerage Accounts | 4,096,303 |
| State of Idaho Investment Pool | 7,777,263 |
| Total | $ 14,095,544 |

## NOTE 3 – DELINQUENT TAXES RECEIVABLE

Property taxes are levied in November of each year and due in two equal installments at December 20 and June 20 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.

Delinquent taxes not paid within 60 days of year-end are recorded as deferred revenue in the governmental fund financial statements. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Over time, substantially all property taxes are collected. Although small amounts of delinquent taxes

-Continued

are collected within 60 days following the close of the City's fiscal year, the City feels secure in the right of the County to take tax deeds on property for the collection of real property taxes. Therefore, an allowance for uncollectible taxes receivable has not been established and would be immaterial.

## NOTE 4 – CAPITAL ASSETS

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| *Capital Assets not being depreciated:* | | | | |
| Land | $ 815,914 | $ | $ | $ 815,914 |
| Construction in Progress | 0 | | | 0 |
| Total | 815,914 | 0 | 0 | 815,914 |
| *Capital Assets being depreciated:* | | | | |
| Buildings & Improvements | 3,247,859 | | | 3,247,859 |
| Infrastructure | 3,702,164 | 1,066,217 | | 4,768,381 |
| Parks | 631,255 | | | 631,255 |
| Vehicles and Equipment | 573,107 | 496,205 | | 1,069,312 |
| Right of Use Assets | 651,999 | | | 651,999 |
| Total | 8,806,384 | 1,066,217 | 0 | 10,368,806 |
| Less: Accumulated Depreciation: | 2,894,872 | 279,768 | | 3,174,640 |
| Total Net Depreciated Assets | 5,911,512 | 786,449 | 0 | 7,194,166 |
| Governmental capital assets, net | $ 6,727,426 | $ 786,449 | $ 0 | $ 8,010,080 |
| **Business-type activities:** | | | | |
| *Capital Assets not being depreciated:* | | | | |
| Land | $ 180,866 | $ | $ | $ 180,866 |
| Water Rights | 290,000 | | | 290,000 |
| Construction in Progress | 0 | | | 0 |
| Total | 470,866 | 0 | 0 | 470,866 |
| *Capital Assets being depreciated:* | | | | |
| Buildings & Improvements | 1,605,079 | | | 1,605,079 |
| Infrastructure | 10,384,433 | | | 10,384,433 |
| Vehicles and Equipment | 971,546 | 36,996 | | 1,008,542 |
| Total | 13,221,424 | 36,996 | 0 | 12,998,054 |
| Less: Accumulated Depreciation | 5,818,483 | 304,915 | | 6,123,398 |
| Total Net Depreciated Assets | 7,402,941 | (267,919) | 0 | 7,135,022 |
| **Business-type capital assets, net** | $ 7,873,807 | $ (267,919) | $ 0 | $ 7,345,522 |

– Continued

## NOTE 5 - BONDS PAYABLE

Governmental Funds:

*Compensated Absences* - The City's benefits include a provision for compensated absences. The liability for this benefit is liquidated by the fund in which the employee is paid from.

*Notes Payable* - On August 25, 2023, the City entered into a lease purchase agreement for 138 N. Main Street for $600,000. The lease agreement has been amortized using a discount rate of at 5.75%. The agreement requires quarterly payments for 5 years of $34,733.

In November 2022, the City closed a note with Zion's Bank for $1,400,000 at a rate of 3.89%. The The agreement requires semi-annual payments for 5 years of principal and interest. These funds are for the construction of the public works facility and are managed via an escrow account with Zions. The cost has been split across water, sewer, and the local option tax funds equally. The amounts for the water and sewer funds are shown in the Business-Type Enterprise section below.

**Business-Type Enterprise Funds:**
On May 15, 2006, the City issued water revenue bonds through Department of Environmental Quality for $2,000,000 at 3.5%. The bonds require semi-annual payments for 20 years of $69,944.

On July 28, 2014, the City issued water revenue bonds through Department of Environmental Quality for $2,000,000 at 1.75%. The bonds require semi-annual payments for 20 years of $59,485.

On June 21, 2016, the City closed a note with the City of Driggs for their portion of the sewer interceptor for $1,073,264 at 0.0%. The bonds require semi-annual payments for 20 years of $26,831.

The City is required to establish at the time of the issuance of the bond a reserve fund in an amount equal to 1 year's payment of principal and interest and the City has $191,786 in reserve as of the year ended September 30, 2024.

## NOTE 6 – CAPITAL LEASES

*Lease Obligation* – The City has several lease agreements. Depreciation expense of assets held under the lease obligations are described as right of use assets and included in the total depreciation as disclosed in Note 3.

*City as lessee*
The terms and expiration dates of the City's leases payable at September 30, 2024, follow:

On December 15, 2021, the City entered into a space lease agreement with U.S. Bank for office space. The lease agreement is for 120 months with a renewal option for an additional 120 months, which the City intends to use. Required base monthly rent is $2,541 with a 3% increase starting on the fourth anniversary and each month thereafter until termination. The lease liability is calculated using an interest **rate** of 1.38%

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*City as lessor*
The City, as a lessor, has entered into a lease agreement with AT&T Tower land space. The lease requires AT&T to pay a monthly payment. The base rent amount for 2022 was $4,052 with a 3% increase on the anniversary day of the lease, which is of each year. The rent receivable is calculated at a discount rate of 1.36% . The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the fiscal year was $49,230. This total includes $- of variable and other payments not previously included in the measurement of the lease receivable.

## NOTE 7 – LITIGATION

The City, at the financial statement date, is not involved in any material litigation as either defendant or plaintiff.

## NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The City carries commercial insurance coverage for these risks to the extent deemed prudent by the City Council. The City is also protected by the Idaho Tort Claims Act, which limits exposure to tort claims against the City.

## NOTE 9 – VICTOR URBAN RENEWAL AGENCY

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

## NOTE 10 – DRIGGS WATEWATER AGREEMENT

The City is participating in an inter-city agreement with the City of Driggs for the treatment of wastewater from the City of Victor. Under this agreement, the City of Victor assists in the repayment of a bond taken by the City of Driggs for the upgrade and reconstruction of their current wastewater treatment plant in order to increase their capacity based on the 2014 annual flow or $151,985 per year. In addition, the City of Victor agreed to cover a portion of monthly operations of this plant in a cost-sharing agreement. The agreement started in October 2011 and extends for 20 years from the date thereof with 2 options to extend for an additional 5 years each.

The City of Driggs assesses and collects based on every 1,000 gallons of flow received each month.

In the event of further capital improvements, the City of Victor can choose to participate in the payment of expenditures based on a cost-,sharing plan, or to have the City of Driggs pass through a proportionate share of debt related to the capital improvements.

The City of Driggs has a fiscal year end of September 30. Financial statements are available at the City of Driggs website at *www.driggsidaho.org/finance.*

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## NOTE 11 – EMPLOYEE RETIREMENT PLAN

*Plan Description*

The City of Victor 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.

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 the employer rate for general employees. As of June 30, 2025, it was 7.18% for general employees. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.96% for general employees. The City's contributions were $ 119,740 for the year ended September 30, 2025.

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*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 0.0188971 percent.

For the year ended September 30, 2025, the City recognized pension expense (revenue) of $100,145. 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 | $ 0 | $ 0 |
| Changes in assumptions or other inputs | $ 0 | $ 80,355 |
| Net difference between projected and actual earnings on pension plan investments | $ 86,112 | $ 117,470 |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | $ (29,935) | |
| City's contributions subsequent to the measurement date | $ 29,935 | |
| Total | $ 86,112 | $ 197,825 |

$ 29,935 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:

-Continued

**Year ended September 30, 2025:**

| | |
|---|---|
| 2026 | $ 78,155 |
| 2027 | $ ( 76,372) |
| 2028 | $ ( 69,890) |
| 2029 | $ ( 43,606) |

*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%
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.

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.

-Continued

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2025.

2024

| | DB Plans | Sick Leave |
|---|---|---|
| Asset Class | | |
| 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 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:

| | **1% Decrease (5.55%)** | **Current Discount Rate (6.55%)** | **1% Increase (7.55%)** |
|---|---|---|---|
| Employer's proportionate share of the net pension liability (asset) | $ 452,393 | $ 456,963 | $ 461,533 |

-Continued

*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 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the audit report date.

**REQUIRED**
**SUPPLEMENTARY INFORMATION**

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

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| Property Taxes | $ 629,129 | $ 629,129 | $ 630,907 | $ 1,778 |
| Franchises, licenses, permits | 10,000 | 10,000 | 15,092 | 5,092 |
| State of Idaho shared revenue | 244,219 | 244,219 | 265,211 | 20,992 |
| State of Idaho sales tax | | 0 | 0 | 0 |
| State of Idaho liquor receipts | 85,068 | 85,068 | 96,607 | 11,539 |
| State highway user collections | 0 | 0 | 0 | 0 |
| Fees, fines, and charges for services | 170,035 | 170,035 | 318,742 | 148,707 |
| Grants and contributions | 0 | 0 | 850 | 850 |
| Earnings on investments | 0 | 0 | 107,754 | 107,754 |
| Gain on Sale of Assets | 0 | 0 | 0 | 0 |
| Miscellaneous | 67,036 | 67,036 | 13,949 | (53,087) |
| Total Revenue | 1,205,487 | 1,205,487 | 1,449,112 | 243,625 |
| EXPENDITURES: | | | | |
| Salary and Wages | 750,745 | 750,745 | 699,142 | 51,603 |
| Administration | 92,772 | 92,772 | 78,192 | 14,580 |
| Professional Fees | 134,199 | 134,199 | 114,508 | 19,691 |
| Maintenance and Utilities | 147,078 | 147,078 | 119,078 | 28,000 |
| Contributions | 42,000 | 42,000 | 42,000 | 0 |
| Community Events | 26,065 | 26,065 | 28,399 | (2,334) |
| Insurance | 24,651 | 24,651 | 24,650 | 1 |
| Community Development | 44,000 | 44,000 | 58,835 | (14,835) |
| Miscellaneous | 3,977 | 49,977 | 19,931 | 30,046 |
| Capital outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 1,265,487 | 1,311,487 | 1,184,735 | 126,752 |
| EXCESS REVENUE (EXPENDITURES) | (60,000) | (106,000) | 264,377 | 370,377 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | 60,000 | 60,000 | 62,528 | 2,528 |
| Operating transfers (to) other funds | | 0 | | 0 |
| NET CHANGE IN FUND BALANCES | 0 | (46,000) | 326,905 | 372,905 |
| FUND BALANCE - BEGINNING | 2,368,762 | 2,368,762 | 2,368,762 | 0 |
| FUND BALANCE - ENDING | $ 2,368,762 | $ 2,322,762 | $ 2,695,667 | $ 372,905 |

**CITY OF VICTOR, IDAHO**
**Schedule of Revenues, Expenditures and Changes in Fund Balances**
**Budget and Actual -- Streets and Roads**
**for the year ended September 30, 2025**

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| State Highway user collections | $ 123,423 | $ 123,423 | $ 186,716 | $ 63,293 |
| County Road Levy | 205,000 | 205,000 | 149,700 | (55,300) |
| Grants and contributions | 692,037 | 692,037 | 133,841 | (558,196) |
| Earnings on investments | 0 | 0 | 68,895 | 68,895 |
| Miscellaneous | 0 | 0 | | 0 |
| Total Revenue | 1,020,460 | 1,020,460 | 539,152 | (481,308) |
| EXPENDITURES: | | | | |
| Personnel expense | 278,053 | 278,053 | 272,717 | 5,336 |
| Operations and Maintenance | 1,254,044 | 1,302,699 | 1,095,389 | 207,310 |
| Street Lights | 6,721 | 6,721 | 8,729 | (2,008) |
| Contingency | | | | 0 |
| Total Expenditures | 1,538,818 | 1,587,473 | 1,376,835 | 210,638 |
| EXCESS REVENUE (EXPENDITURES) | (518,358) | (567,013) | (837,683) | (270,670) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | 428,358 | 428,358 | 428,358 | 0 |
| Operating transfers (to) other funds | | | | 0 |
| NET CHANGE IN FUND BALANCES | (90,000) | (138,655) | (409,325) | (270,670) |
| FUND BALANCE - BEGINNING | 1,226,931 | 1,226,931 | 1,226,931 | 0 |
| FUND BALANCE - ENDING | $ 1,136,931 | $ 1,088,276 | $ 817,606 | $ (270,670) |

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

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| Depot Income | $ 77,400 | $ 77,400 | $ 70,580 | $ (6,820) |
| Grants and contributions | 535,919 | 535,919 | 391,820 | (144,099) |
| Miscellaneous | 0 | 0 | 29,655 | 29,655 |
| Total Revenue | 613,319 | 613,319 | 492,055 | (121,264) |
| EXPENDITURES: | | | | |
| Depot Operations | 77,400 | 77,400 | 13,712 | 63,688 |
| Operations and Maintenance | | | 76,247 | (76,247) |
| Capital outlay | 535,919 | 605,919 | 379,398 | 226,521 |
| Miscellaneous | | | | 0 |
| Total Expenditures | 613,319 | 683,319 | 469,357 | 213,962 |
| EXCESS REVENUE (EXPENDITURES) | 0 | (70,000) | 22,698 | 92,698 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | | | | 0 |
| Operating transfers (to) other funds | | | | 0 |
| NET CHANGE IN FUND BALANCES | 0 | (70,000) | 22,698 | 92,698 |
| FUND BALANCE - BEGINNING | 902,616 | 902,616 | 902,616 | 0 |
| FUND BALANCE - ENDING | $ 902,616 | $ 832,616 | $ 925,314 | $ 92,698 |

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

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| Local Option Sales Taxes | $ 1,200,000 | $ 1,200,000 | $ 1,169,218 | $ (30,782) |
| Earnings on investments | | | | 0 |
| Miscellaneous | | | 59,539 | 59,539 |
| Total Revenue | 1,200,000 | 1,200,000 | 1,228,757 | 28,757 |
| EXPENDITURES: | | | | |
| Law Enforcement | 67,400 | 67,400 | 45,000 | 22,400 |
| Affordable Housing | 400,000 | 400,000 | 378,806 | 21,194 |
| Pathway & Sidewalks | 48,452 | 48,452 | 6,860 | 41,592 |
| Parks | 87,033 | 87,033 | 73,670 | 13,363 |
| City Improvements | 203,300 | 280,650 | 141,371 | 139,279 |
| Public Works Facility | 0 | 0 | 0 | 0 |
| Total Expenditures | 806,185 | 883,535 | 645,707 | 237,828 |
| EXCESS REVENUE (EXPENDITURES) | 393,815 | 316,465 | 583,050 | 266,585 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | 0 | 0 | 0 | 0 |
| Operating transfers (to) other funds | (488,358) | (488,358) | (490,886) | (2,528) |
| NET CHANGE IN FUND BALANCES | (94,543) | (171,893) | 92,164 | 264,057 |
| FUND BALANCE - BEGINNING | 520,033 | 520,033 | 520,033 | 0 |
| FUND BALANCE - ENDING | $ 425,490 | $ 348,140 | $ 612,197 | $ 264,057 |

**CITY OF VICTOR, 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**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Employer's portion of the net pension liability | 0.0182500% | 0.0175600% | 0.0168000% | 0.0172800% | 0.0164700% |
| Employer's proportionate share of the net pension liability | $ 423,896 | $ 200,416 | $ 247,860 | $ 271,612 | $ 333,158 |
| Employer's covered-employee payroll | $ 660,565 | $ 625,456 | $ 533,365 | $ 530,362 | $ 487,381 |
| Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | 64.17% | 32.04% | 46.47% | 51.21% | 68.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.22% | 93.79% | 91.69% | 90.68% | 87.26% |

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Employer's portion of the net pension liability | 0.0188971% | 0.0186265% | 0.0183400% | 0.0169100% | 0.0193500% |
| Employer's proportionate share of the net pension liability (Asset) | $ 456,963 | $ 696,753 | $ 731,918 | $ 666,050 | $ (15,282) |
| Employer's covered-employee payroll | $ 1,001,173 | $ 965,411 | $ 779,837 | $ 667,690 | $ 721,880 |
| Employer's proportional share of the net pension liability (Asset) as a percentage of its covered-employee payroll | 45.64% | 72.17% | 93.86% | 99.75% | -2.12% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.89% | 85.54% | 83.83% | 83.09% | 100.36% |

Data reported is measured as of June 30, 2025

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Statutorily required contributions | $ 81,024 | $ 72,674 | $ 60,377 | $ 60,037 | $ 55,172 |
| Contributions in relation to the statutorily required contribution | $ 81,026 | $ 72,350 | $ 60,387 | $ 59,527 | $ 54,950 |
| Contribution (deficiency) excess | $ 2 | $ (324) | $ 10 | $ (510) | $ (222) |
| Employer's covered-employee payroll | $ 660,565 | $ 625,456 | $ 533,365 | $ 530,362 | $ 487,381 |
| Contributions as a percentage of covered-employee payroll | 11.94% | 11.48% | 11.32% | 11.22% | 11.27% |

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Statutorily required contributions | $ 119,740 | $ 107,933 | $ 97,122 | $ 81,953 | $ 82,898 |
| Contributions in relation to the statutorily required contribution | $ (119,740) | $ (107,933) | $ 97,121 | $ 81,954 | $ 82,898 |
| Contribution (deficiency) excess | $ 0 | $ 0 | $ (1) | $ 1 | $ 0 |
| Employer's covered-employee payroll | $ 1,001,173 | $ 965,411 | $ 779,837 | $ 667,690 | $ 721,880 |
| Contributions as a percentage of covered-employee payroll | 11.96% | 11.18% | 11.77% | 11.94% | 11.94% |

WORKMAN & COMPANY | Office of Accounting

[address redacted] Suite 300 • [address redacted] • [phone redacted] • Fax: [phone redacted]

**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***

March 31, 2026

To the City Council
City of Victor, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Victor, 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 Victor, Idaho's basic financial statements, and have issued our report thereon dated March 31, 2026

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Workman & Company*

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

# Victor Water System Connection Fee Study

City of Victor, Idaho | October, 2026

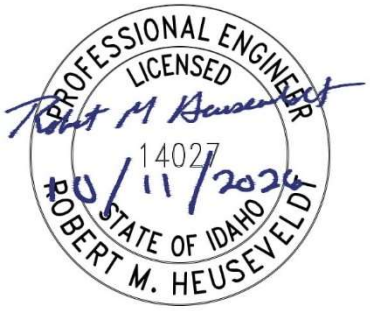
SUNRISE ENGINEERING

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# VICTOR WATER SYSTEM CONNECTION FEE STUDY

## October 2026

Sue Muncaster.....Mayor
Emily Sustick .....Council Member
Amy Ross.....Council Member
Stacy Hulsing .....Council Member
Erica Linnell.....Council Member




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# 1 INTRODUCTION

The City of Victor is located in Teton County, Idaho, at the southern end of Teton Valley. The City operates a municipal water system that provides water for residential, commercial, and public uses, including fire protection. The system includes groundwater supply wells, storage tanks, booster stations, transmission and distribution mains, and associated service infrastructure.

The purpose of this Water Connection Fee Study is to develop a documented basis for assessing a new customer's proportionate share of the value of the existing municipal water system. The analysis evaluates an equity buy-in fee, through which new connections contribute toward the existing infrastructure and capacity available to serve them.

The study estimates the gross current replacement value of the water system, applies an aggregate proxy to estimate unfunded depreciation, deducts outstanding system debt principal, and allocates the resulting net system value over the total existing capacity expressed in Equivalent Residential Units (ERUs). The resulting amount represents the calculated system buy-in fee per ERU. Physical connection and installation charges are separate from this calculation.

This report presents the methodology, supporting information, assumptions, and limitations of the analysis for consideration by the City. Its purpose is to support a reasonable and equitable allocation of existing system value between current and new customers, consistent with applicable Idaho statutory authority and relevant court decisions.

# 2 METHODOLOGY

This study uses an **equity buy-in methodology** to estimate a new connection's proportionate share of the value of the City of Victor's existing water system. Under this approach, the connection fee reflects the value of existing infrastructure and capacity available to serve a new customer. The calculation is presented below.

Where:

$$F_{\mathrm{ERU}} = \frac{V_R - D_U - P}{C_{\mathrm{ERU}}}$$

*Figure 1 - Water System Equity Buy-in Equation*

$\boldsymbol{F_{ERU}}$ = calculated water connection fee per Equivalent Residential Unit (ERU);
$\boldsymbol{V_R}$ = gross current replacement value of the existing water system;
$\boldsymbol{D_U}$ = estimated unfunded depreciation, determined using an aggregate depreciation proxy;
$\boldsymbol{P}$ = outstanding principal of debt attributable to the water system assets included in the valuation; and
$\boldsymbol{C_{ERU}}$ = total existing water system capacity, expressed in ERUs.

The numerator represents the estimated net value of the existing system after accounting for service life already consumed through unfunded depreciation and for outstanding debt principal. Dividing this net value by total existing capacity establishes a proportionate system buy-in amount for one ERU. The capacity denominator represents the system's ability to serve demand, rather than simply the number of currently connected customers. Physical connection and installation charges are separate from this calculation.

Idaho Code Section 50-1030(f) authorizes municipal utility fees for facilities and services. In *Loomis v. City of Hailey*, 119 Idaho 434, 807 P.2d 1272 (1991), the Idaho Supreme Court upheld an equity buy-in approach using replacement value, adjustments for unfunded depreciation and outstanding debt, and allocation over

system capacity. Subsequent decisions involving the City of Hayden emphasize the relationship between a connection charge and existing capacity available to serve new users. These authorities inform this study's methodology; they do not establish a prescribed depreciation percentage or eliminate the need to substantiate the calculation's underlying assumptions.

## 3 GROSS CURRENT SYSTEM REPLACEMENT VALUE

The gross current replacement value of the City's existing water system was estimated using component quantities obtained from the City's GIS data, which are maintained by the City of Victor Public Works Department and were provided to Sunrise Engineering for this analysis. Current installed replacement cost allowances were then applied to the inventoried quantities. The complete Gross Current System Replacement Value table is provided in Appendix A and identifies each system component, its quantity, the applicable unit cost, and the resulting estimated replacement cost. Based on this analysis, **the gross current system replacement value is $49,697,015** before adjustments for estimated unfunded depreciation and outstanding debt principal.

The inventory includes transmission and distribution waterlines, meter pits and vaults, fire hydrant assemblies, gate valves, storage tanks, booster stations, and wells. Linear facilities were valued by length and diameter, individual components by count and size, and storage tanks by capacity using a cost per gallon. Booster stations and wells were assigned lump-sum replacement allowances reflecting the facility descriptions listed in the table. The unit costs are engineering estimating allowances intended to represent current installed replacement costs within the stated scope.

The following assumptions were applied in preparing the gross system replacement value as reflected in Appendix A:

- Waterlines and valves with an unknown size: Components without an assigned diameter were included in the 8-inch category, based on the minimum size identified for current City installations. This assumption establishes a replacement size for valuation purposes; it does not establish the actual diameter of the existing component.
- Meter pits: Meter pits without an assigned size were included in the 1-inch category, representing the most common size. Existing ¾-inch meter pits were also valued as 1-inch replacements, consistent with the replacement standard identified in the table.
- Fire hydrant assemblies: The hydrant replacement allowance excludes the isolation valve. Gate valves are valued separately in the valve inventory to avoid including the valve cost in both categories.
- Estimate exclusions: The replacement allowances exclude meters and transmitters, external service laterals, significant pavement restoration, unusual excavation conditions, engineering, and project-wide costs. Accordingly, the total represents replacement value within the defined scope rather than the complete cost of a comprehensive system reconstruction project.

The valuation reflects replacement of the inventoried system components and does not include a separate allowance for future expansion. Depreciation and debt adjustments are applied separately in subsequent sections of this report.

## 4 ESTIMATED UNFUNDED DEPRECIATION – AGGREGATE PROXY

An adjustment for estimated unfunded depreciation was applied to the gross current replacement value to account for the service life already consumed by the City's existing water system assets. This adjustment reduces the value allocated to new connections to reflect an existing system whose components have differing ages and remaining useful lives.

An aggregate depreciation proxy was used in place of a complete asset-by-asset assessment of age, condition, and remaining useful life. The proxy was derived from the City of Victor's fiscal year 2025 audited financial statements, included in Appendix B**.** The Statement of Net Position—Proprietary Funds, printed page 8**,** reports the Water Fund amounts summarized in Table 1 as of September 30, 2025:

*Table 1. Water Fund Plant and Equipment Depreciation*

| Audit component | Amount |
|---|---|
| Plant and equipment, historical cost | $8,401,368 |
| Accumulated depreciation | $4,000,222 |
| **Aggregate depreciation percentage** | **47.6139%** |

The aggregate percentage was calculated by dividing accumulated depreciation by the gross historical cost of plant and equipment. Accumulated depreciation represents the cumulative accounting allocation of asset cost over useful life, rather than depreciation expense for a single year.

The resulting percentage was applied to the $49,697,015 gross current system replacement value presented in Section 3 above. Using the unrounded percentage produces an estimated depreciation adjustment of **$23,662,705**. This approach uses the audit to establish an aggregate depreciation proportion while retaining current replacement costs as the valuation basis.

For this study, no funded replacement reserve credit has been applied. The full estimated depreciation adjustment is therefore treated as estimated unfunded depreciation and deducted in the equity buy-in calculation. This treatment is a study assumption; accumulated depreciation is not itself a cash reserve, and the audit's presentation of cash or net position does not establish that those amounts are available and designated for replacement of the inventoried assets.

The aggregate proxy provides a practical estimate but does not directly measure the physical condition or remaining useful life of individual components. Its application assumes that the audited Water Fund asset pool reasonably represents the assets included in the replacement inventory. Subject to this assumption, **$23,662,705 is carried forward as the estimated unfunded depreciation deduction**.

## 5 OUTSTANDING SYSTEM DEBT PRINCIPAL

Outstanding water system debt principal was deducted from the replacement value after the depreciation adjustment to determine the estimated net system equity available for allocation to new connections. This deduction recognizes that a portion of the existing infrastructure remains financed through unpaid debt, which the utility must repay through future revenues.

The debt amount was obtained from the City of Victor's fiscal year 2025 audited financial statements, included in **Appendix B**. The **Statement of Net Position—Proprietary Funds, printed page 8**, identifies the Water Fund liabilities summarized in Table 2 as of September 30, 2025:

*Table 2. Water Fund Outstanding System Debt Principal*

| Audit component | Outstanding principal |
|---|---|
| Current portion of long-term debt | $341,618 |
| Noncurrent bonds and capital leases payable | $1,024,129 |
| **Total outstanding system debt principal** | **$1,365,747** |

The current portion represents principal classified as payable within the next fiscal year. The noncurrent portion represents the remaining principal classified as payable beyond that period. Both portions were included so that the deduction reflects the total outstanding obligation rather than only the upcoming annual payment.

The adjustment includes outstanding principal only; it does not include future interest or other Water Fund liabilities, such as accounts payable, pension liabilities, or compensated absences. Those amounts are not outstanding principal associated with financing the system assets.

For this study, **$1,365,747 is carried forward as the outstanding system debt principal deduction**. This amount assumes that the reported Water Fund debt is attributable to assets included in the replacement valuation. Before final adoption, the debt should be reconciled with those assets and reviewed for material principal repayments or additional borrowing since September 30, 2025.

## 6 TOTAL EXISTING SYSTEM CAPACITY

Total existing system capacity provides the basis for allocating the estimated net system value among the Equivalent Residential Units (ERUs) that the existing infrastructure can serve. An ERU represents the water demand associated with an average residential user and allows residential and nonresidential demands to be expressed on a common basis. The capacity denominator includes existing demand and capacity available for additional demand; it is distinct from the number of currently connected customers.

The capacity evaluation references the City of Victor Water System Facility Planning Study, prepared by Sunrise Engineering, October 2025. The planning study is maintained by the City and is available for review at City offices. It is referenced here but is not reproduced in this report.

The existing source capacity discussion on printed page 39 identifies a combined pumping capacity of approximately 2,500 gallons per minute (gpm) at the Sherman Booster Station. The station's two pumps normally alternate operation but can operate simultaneously when the North Well is out of service. This identified pumping capacity provides the flow basis used for the capacity allocation in this connection fee study.

Section 2.3.2 and Table 2-5, printed page 23, establish a rounded maximum daily demand allowance of 1.0 gpm per ERU. Dividing the identified pumping capacity by this demand allowance yields the following:

Total capacity = 2,500 gpm ÷ 1.0 gpm per ERU = 2,500 ERUs

Accordingly, **2,500 ERUs is used as the capacity denominator** in the equity buy-in calculation. This is an allocation assumption based on the identified pumping capacity and the planning study's rounded maximum daily demand allowance. It represents a pumping-based equivalent capacity rather than an independent determination of sustained source yield or a guarantee of service availability at every location.

## 7 WATER CONNECTION FEE PER ERU

The water connection fee per Equivalent Residential Unit (ERU) was calculated using the equity buy-in methodology described in this report. The gross current replacement value of the existing water system was reduced by estimated unfunded depreciation and outstanding system debt principal. The resulting estimated net system value was then divided by the capacity allocation of 2,500 ERUs established in Section 6. Table 3 summarizes the calculation.

*Table 3. Victor Water Connection Fee Calculation*

| Calculation component | Amount |
|---|---|
| Gross current system replacement value | $49,697,015 |
| Less: Estimated unfunded depreciation<br>Aggregate proxy | ($23,662,705) |
| Less: Outstanding system debt principal | ($1,365,747) |
| **Net system replacement cost after deductions** | **$24,668,563** |
| Total existing system capacity | 2,500 ERUs |
| **Water connection fee per ERU** | **$9,867** |

The calculation uses the unrounded aggregate depreciation percentage, with monetary values displayed to the nearest dollar. Dividing the estimated net system value of $24,668,563 by 2,500 ERUs produces a calculated **connection fee of $9,867 per ERU**, rounded to the nearest dollar.

This amount represents the estimated proportionate buy-in contribution for a new connection assigned one ERU of demand. Connections assigned greater or lesser demand should be charged in proportion to their assigned ERUs under the City's applicable equivalency schedule.

The calculated fee reflects the valuation scope, aggregate depreciation proxy, debt adjustment, and pumping-based capacity assumption documented in this report. Physical connection and installation charges are separate from the system buy-in fee.

## REFERENCES


City of Victor. (2025). *Financial statements, year ended September 30, 2025*. Statement of Net Position—Proprietary Funds, printed p. 8 (PDF p. 10), Water Fund column. City of Victor, Idaho. Included in Appendix B.

Idaho Code § 50-1030(f). (2026). *Idaho Revenue Bond Act*. https://law.justia.com/codes/idaho/title-50/chapter-10/section-50-1030/ (accessed October 11, 2026).

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Sunrise Engineering. (2025). *City of Victor water system facility planning study*. City of Victor, Idaho. Sections 2.3.2 and Table 2-5, printed p. 23; existing source capacity discussion, printed p. 39.

Sunrise Engineering. (2026a). *Victor water—net system replacement value* [Microsoft Excel workbook]. October 9, 2026. Worksheets: Gross System Replacement Value; Outstanding Debt; Estimated Depreciation; and Recommended Connection Fee.

Sunrise Engineering. (2026b). *Water—gross replacement value* [Calculation schedule]. October 9, 2026. Gross replacement value: $49,697,015. Included in Appendix A.

# APPENDIX A

Gross System Replacement Value

# Water Connection Fee Analysis

**Gross Replacement Value**

Date: 10/9/2026

| Item # | Description | Quantity | Unit | Unit Cost | Total cost |
|---|---|---|---|---|---|
| 1 | 2" Waterline | 2,583 | LF | $ 60.00 | $ 154,980.00 |
| 2 | 4" Waterline | 4,093 | LF | $ 80.00 | $ 327,440.00 |
| 3 | 6" Waterline | 21,512 | LF | $ 100.00 | $ 2,151,200.00 |
| 4 | 8" Waterline* | 98,863 | LF | $ 125.00 | $ 12,357,875.00 |
| 5 | 10" Waterline | 41,823 | LF | $ 145.00 | $ 6,064,335.00 |
| 6 | 12" Waterline | 25,962 | LF | $ 165.00 | $ 4,283,730.00 |
| 7 | 14" Waterline | 813 | LF | $ 185.00 | $ 150,405.00 |
| 8 | 16" Waterline | 55 | LF | $ 210.00 | $ 11,550.00 |
| 9 | 1" Meter Pit** | 1,480 | EA | $ 3,500.00 | $ 5,180,000.00 |
| 10 | 1.5" Meter Pit | 12 | EA | $ 4,000.00 | $ 48,000.00 |
| 11 | 2" Meter Pit | 32 | EA | $ 5,000.00 | $ 160,000.00 |
| 12 | 4" Meter Vault | 1 | EA | $ 20,000.00 | $ 20,000.00 |
| 13 | 6" Meter Vault | 2 | EA | $ 30,000.00 | $ 60,000.00 |
| 14 | Fire Hydrant Assembly (Excluding Valve) | 273 | EA | $ 8,000.00 | $ 2,184,000.00 |
| 15 | 2" Gate Valve | 5 | EA | $ 1,500.00 | $ 7,500.00 |
| 16 | 4" Gate Valve | 16 | EA | $ 2,250.00 | $ 36,000.00 |
| 17 | 6" Gate Valve | 138 | EA | $ 3,250.00 | $ 448,500.00 |
| 18 | 8" Gate Valve* | 690 | EA | $ 4,500.00 | $ 3,105,000.00 |
| 19 | 10" Gate Valve | 26 | EA | $ 6,500.00 | $ 169,000.00 |
| 20 | 12" Gate Valve | 15 | EA | $ 8,500.00 | $ 127,500.00 |
| 21 | 100,000 Gallon Concrete Storage Tank | 100,000 | PG | $ 8.00 | $ 800,000.00 |
| 22 | 200,000 Gallon Concrete Storage Tank | 200,000 | PG | $ 6.00 | $ 1,200,000.00 |
| 23 | 1,000,000 Gallon Concrete Storage Tank | 1,000,000 | PG | $ 3.50 | $ 3,500,000.00 |
| 24 | Timberline Booster (2x20HP) | 1 | LS | $ 800,000.00 | $ 800,000.00 |
| 25 | Sherman Park Booster (2x50HP) | 1 | LS | $ 2,200,000.00 | $ 2,200,000.00 |
| 26 | Hillside Booster (3x20HP) | 1 | LS | $ 1,050,000.00 | $ 1,050,000.00 |
| 27 | Old MSV Booster (2x7.5HP) | 1 | LS | $ 800,000.00 | $ 800,000.00 |
| 28 | Willow Creek Well (800 GPM) | 1 | LS | $ 1,000,000.00 | $ 1,000,000.00 |
| 29 | North Well (300HP) | 1 | LS | $ 1,300,000.00 | $ 1,300,000.00 |
| | | | | **Total Replacement Cost** | **$ 49,697,015.00** |

*The inventory waterlines and valves that were not assigned a size value were added to the minimum size currently allowed in Victor which is 8 inches.

**The inventory for meter pits that were not assigned a size value were added to the most common size which is a 1" meter pit. 3/4" Meter Pits are not allowed in Victor so for net replacement value purposes they will have to be replaced by a 1" Meter Pit and were added to that number.

***Estimate Exclusions: meters/transmitters, external service laterals, significant pavement restoration, unusual excavation conditions, engineering, and project wide costs.

# APPENDIX B

City of Victor Financial Statements for Year Ended September 30, 2025

# CITY OF VICTOR IDAHO

## Financial Statements

## Year Ended September 30, 2025

# CITY OF VICTOR, IDAHO
## Financial Statements
## For the year ended September 30, 2025

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WORKMAN & COMPANY | Office of Accounting

[address redacted] Suite 300 • [address redacted] • [phone redacted] • Fax: [phone redacted]

**INDEPENDENT AUDITOR'S REPORT**

March 31, 2026

To the City Council
City of Victor, Idaho
Victor, Idaho

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate discretely presented component unit of the City of Victor, 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 Victor, 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, the business-type activities, and the aggregate discretely presented component unit of the City of Victor, Idaho, as of September 30, 2025, 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. 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 Victor, 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 Victor, 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.
- 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 Victor, 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 Victor, 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 25 - 29 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of the City of Victor, 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

**CITY OF VICTOR, IDAHO**
**Statement of Net Position**
**at September 30, 2025**

| | Governmental Activities | Business-type Activities | Total Primary Government | Component Unit Urban Renewal Agency |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Deposits | $ 6,120,961 | $ 7,895,438 | $ 14,016,399 | |
| Accounts Receivable | 592,314 | 177,376 | 769,690 | |
| Taxes Receivable | 242,923 | | 242,923 | |
| Due From Other Governments | 122,403 | | 122,403 | |
| Restricted and Asssigned Cash | | 191,786 | 191,786 | $ 250,803 |
| Due From Other Funds | | | | |
| Totals | 7,078,601 | 8,264,600 | 15,343,201 | 250,803 |
| Capital Assets: | | | | |
| Land | 815,914 | 470,866 | 1,286,780 | |
| Construction in Progress | | | 0 | |
| Infrastructure | 6,051,635 | 10,384,433 | 16,436,068 | |
| Buildings and Improvements | 3,247,859 | 1,605,079 | 4,852,938 | |
| Equipment and Vehicles | 1,069,312 | 1,008,542 | 2,077,854 | |
| Accumulated Deprecation | (3,174,640) | (6,123,398) | (9,298,038) | |
| Total Capital Assets | 8,010,080 | 7,345,522 | 15,355,602 | 0 |
| **Total Assets** | 15,088,681 | 15,610,122 | 30,698,803 | 250,803 |
| Deferred Outflows of Resources and Pension Assets: | | | | |
| Deferred Outflows from Pensions Activity | 43,291 | 42,822 | 86,113 | 0 |
| **LIABILITIES** | | | | |
| Accounts and Payroll LiabilitiesPayable | 1,694,119 | 241,813 | 1,935,932 | |
| Long-term Liabilities: | | | | |
| Portion due or payable within one year: | | | | |
| Loans Payable | 268,103 | 525,566 | 793,669 | |
| Portion due or payable after one year: | | | | |
| Loans Payable | 767,262 | 1,548,871 | 2,316,133 | 166,685 |
| Net Pension Liability | 229,726 | 227,237 | 456,963 | |
| Compensated Absences | 19,689 | 22,122 | 41,811 | |
| **Total Liabilities** | 2,978,899 | 2,565,609 | 5,544,508 | 166,685 |
| Deferred Inflows of Resources: | | | | |
| Deferred Inflows from Assessments/Leases | 405,292 | 98,374 | 503,666 | 0 |
| **NET POSITION** | | | | |
| Invested in Capital Assets - net of related debt | 6,974,715 | 5,271,085 | 12,245,800 | |
| Restricted For: | | | | |
| Debt Service | | 191,786 | 191,786 | |
| Other Purposes | | | | 84,118 |
| Unrestricted | 4,773,066 | 7,526,090 | 12,299,156 | |
| **Total Net Position** | $ 11,747,781 | $ 12,988,961 | $ 24,736,742 | $ 84,118 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Activities**
**For the Year Ended September 30, 2025**

| Activities: | Expenses | Program Revenues: Fees, Fines, and Charges for Services | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenues and Changes in Net Position: Governmental Activities | Net (Expense) Revenues and Changes in Net Position: Business Type Activities | Net (Expense) Revenues and Changes in Net Position: Total | Component Unit - Urban Renewal Agency |
|---|---|---|---|---|---|---|---|
| **Governmental:** | | | | | | | |
| Governmental Activities | $ 756,670 | $ 389,322 | $ 536,831 | $ 169,483 | | $ 169,483 | |
| Parks and Streets | 531,375 | | | (531,375) | | (531,375) | |
| Capital Projects | 469,357 | | | (469,357) | | (469,357) | |
| Debt Service | 65,150 | | | (65,150) | | (65,150) | |
| Unallocated Depreciation | 279,768 | | | (279,768) | | (279,768) | |
| Total Governmental Activities | 2,102,320 | 389,322 | 536,831 | (1,176,167) | | (1,176,167) | |
| **Business Type:** | | | | | | | |
| Water | 968,928 | 1,813,939 | | | $ 845,011 | 845,011 | |
| Wastewater | 904,091 | 2,692,773 | | | 1,788,682 | 1,788,682 | |
| Irrigation | 17,291 | 33,554 | | | 16,263 | 16,263 | |
| Interest - on long-term debt | 81,504 | | | | (81,504) | (81,504) | |
| Depreciation | 304,915 | | | | (304,915) | (304,915) | |
| Total Business-type Activities | 2,276,729 | 4,540,266 | 0 | | 2,263,537 | 2,263,537 | |
| Total City of Victor, Idaho | $ 4,379,049 | 4,929,588 | $ 536,831 | (1,176,167) | 2,263,537 | 1,087,370 | |
| Component Units: | | | | | | | |
| Urban Renewal Agency | $ 48,474 | | | | | | $ (48,474) |
| Total | | | | | | | (48,474) |
| General Revenues: | | | | | | | |
| State of Idaho liquor receipts | | | | 96,607 | | 96,607 | 98,252 |
| State highway user collections | | | | 186,716 | | 186,716 | |
| State of Idaho shared revenue | | | | 265,211 | | 265,211 | |
| Local Option tax revenue | | | | 1,169,218 | | 1,169,218 | |
| Highway Road and Bridge tax | | | | 0 | | 0 | |
| Franchises, licenses, permits | | | | 364,080 | | 364,080 | |
| City Property Assessments | | | | 780,607 | | 780,607 | |
| Earnings on investments | | | | 196,709 | 103,260 | 299,969 | 217 |
| Gain on sale of assets | | | | | | 0 | |
| Miscellaneous | | | | 103,143 | | 103,143 | |
| Gain (Loss) on Pension Activity | | | | (125,448) | 25,303 | (100,145) | |
| | | | | | | 0 | |
| Total general revenues and transfers | | | | 3,036,843 | 128,563 | 3,165,406 | 98,469 |
| Changes in net position | | | | 1,860,676 | 2,392,100 | 4,252,776 | 49,995 |
| Net Position - Beginning | | | | 9,887,105 | 10,596,861 | 20,483,966 | 34,123 |
| Net Position - Ending | | | | $ 11,747,781 | $ 12,988,961 | $ 24,736,742 | $ 84,118 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Balance Sheet**
**Governmental Funds**
**at September 30, 2025**

| | General Fund | Road & Bridge Fund | Capital Projects Fund | Local Option Tax Fund | Non-Major Improvements & Impact Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **ASSETS:** | | | | | | |
| Cash and Cash Deposits | $ 2,623,355 | $ 983,502 | $ 653,814 | $ 694,779 | $ 1,165,511 | $ 6,120,961 |
| Taxes Receivable | 28,865 | | | 214,058 | | 242,923 |
| Due From Other Governments | 91,709 | 30,694 | | | | 122,403 |
| Due From Other Funds | 0 | (162,994) | 162,994 | | | 0 |
| Other Receivables | 395,385 | | 194,726 | | 2,203 | 592,314 |
| Total Assets | $ 3,139,314 | $ 851,202 | $ 1,011,534 | $ 908,837 | $ 1,167,714 | $ 7,078,601 |
| **LIABILITIES:** | | | | | | |
| Cash Deficit | $ | $ | $ | $ | $ | $ 0 |
| Accounts Payable | 113,269 | 25,789 | 86,220 | 296,640 | 1,139,857 | 1,661,775 |
| Accrued Labor Payable | 15,213 | 7,807 | | | | 23,020 |
| Total Liabilities | 128,482 | 33,596 | 86,220 | 296,640 | 1,139,857 | 1,684,795 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Unavailable Revenue - LID Assessment | 9,324 | | | | | 9,324 |
| Unavailable Revenue - Leases | 305,841 | | | | | 305,841 |
| Total Deferred Inflows of Resources | 315,165 | 0 | 0 | 0 | 0 | 315,165 |
| FUND BALANCE: | | | | | | |
| Non-spendable | | | | | | 0 |
| Restricted | | | | | | 0 |
| Committed | | | | | | 0 |
| Assigned | | 817,606 | 925,314 | 612,197 | 27,857 | 2,382,974 |
| Unassigned | 2,695,667 | | | | | 2,695,667 |
| Total Fund Balance | 2,695,667 | 817,606 | 925,314 | 612,197 | 27,857 | 5,078,641 |
| Total Liabilities and Fund Balance | $ 3,139,314 | $ 851,202 | $ 1,011,534 | $ 908,837 | $ 1,167,714 | |

Amounts reported for governmental activities in the Statement of Net Position (page 11) are different because:

| | |
|---|---|
| Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is $ 11,184,720 and the accumulated depreciation is $ 3,174,640 . . . . . | 8,010,080 |
| Long-term liabilities, including bonds and compensated absences are not payable in the current period and therefore are not reported in the governmental funds . . . . . | (1,055,054) |
| Pension activity is not reported in the government funds . . . . . | (258,886) |
| Net Position of Governmental Funds . . . . . | $ 11,774,781 |

The accompanying notes are a part of these financial statements.

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

| | General Fund | Road & Bridge Fund | Capital Projects Fund | Local Option Tax Fund | Non-Major Improvement & Impact Fund | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **REVENUE:** | | | | | | |
| Property taxes | $ 630,907 | $ 149,700 | $ | $ | $ | $ 780,607 |
| Franchises, licenses, permits | 15,092 | | | | 348,988 | 364,080 |
| State of Idaho shared revenue | 265,211 | | | | | 265,211 |
| Local Option Idaho sales tax | | | | 1,169,218 | | 1,169,218 |
| State of Idaho liquor receipts | 96,607 | | | | | 96,607 |
| State highway user collections | | 186,716 | | | | 186,716 |
| Fees, fines and charges for services | 318,742 | | 70,580 | | | 389,322 |
| Grants and contributions | 850 | 133,841 | 391,820 | | 10,320 | 536,831 |
| Interest earnings | 107,754 | 68,895 | | | 20,060 | 196,709 |
| Gain on Sale of Assets | | | | | | 0 |
| Miscellaneous | 13,949 | | 29,655 | 59,539 | | 103,143 |
| Total Revenue | 1,449,112 | 539,152 | 492,055 | 1,228,757 | 379,368 | 4,088,444 |
| **EXPENDITURES:** | | | | | | |
| Salary and Wages | 699,142 | 272,717 | | | | 971,859 |
| Administration | 78,192 | | | | | 78,192 |
| Professional Fees | 114,508 | | | | | 114,508 |
| Maintenance and Utilities | 119,078 | 1,104,118 | 89,959 | 645,707 | 348,988 | 2,307,850 |
| Contributions | 42,000 | | | | | 42,000 |
| Community Events | 28,399 | | | | | 28,399 |
| Insurance | 24,650 | | | | | 24,650 |
| Community Development | 58,835 | | | | | 58,835 |
| Miscellaneous | 19,931 | | | | | 19,931 |
| Capital Outlay | | | 379,398 | | | 379,398 |
| Total Expenditures | 1,184,735 | 1,376,835 | 469,357 | 645,707 | 348,988 | 4,025,622 |
| **EXCESS REVENUE (EXPENDITURES)** | 264,377 | (837,683) | 22,698 | 583,050 | 30,380 | 62,822 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Operating transfers from other funds | 62,528 | 428,358 | | | | 490,886 |
| Operating transfers (to) other funds | | | | (490,886) | | (490,886) |
| NET CHANGE IN FUND BALANCES | 326,905 | (409,325) | 22,698 | 92,164 | 30,380 | 62,822 |
| FUND BALANCE - BEGINNING | 2,368,762 | 1,226,931 | 902,616 | 520,033 | (2,523) | 5,015,819 |
| FUND BALANCE - ENDING | $ 2,695,667 | $ 817,606 | $ 925,314 | $ 612,197 | $ 27,857 | $ 5,078,641 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, 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) | $ | 62,822 |
| 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. | | |
| This is the amount of current year depreciation. | | 279,768 |
| This is the amount of new assets paid in the Government Funds. | | 1,562,422 |
| This is the amount of disposed of Governmental Fund assets. | | 0 |
| 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. | | |
| This is the amount of current principal/premium adjustments on capital debt. | | (169,784) |
| Gain (Loss) on Pension Activity | | 125,448 |
| Some property taxes will not be collected for several months after the City's fiscal year end. They are not considered available revenues in the governmental funds, but are recorded as deferred tax revenues. However, they are recorded as revenues in the Statement of Activities. | | |
| This is the change in deferred revenue in the current year. | | 0 |
| Change in Net Position of Governmental Activities (Page 12) | $ | 1,860,676 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Net Position**
**Proprietary Funds**
**at September 30, 2025**

| **Assets:** | **Water Fund** | **Wastewater Fund** | **Irrigation Fund** | **Totals** |
|---|---|---|---|---|
| Current Assets: | | | | |
| Cash and Deposits | $ 2,812,265 | $ 5,008,257 | $ 74,916 | $ 7,895,438 |
| Accts receivable - customers | 82,939 | 94,437 | | 177,376 |
| | 2,895,204 | 5,102,694 | 74,916 | 8,072,814 |
| **Restricted Current Assets:** | | | | |
| Cash and Deposits | 95,893 | 95,893 | | 191,786 |
| Total Current Assets | 2,991,097 | 5,198,587 | 74,916 | 8,264,600 |
| **Capital Assets:** | | | | |
| Plant and equipment | 8,401,368 | 5,067,552 | | 13,468,920 |
| Accumulated depreciation | (4,000,222) | (2,123,176) | | (6,123,398) |
| Net Plant and equipment | 4,401,146 | 2,944,376 | 0 | 7,345,522 |
| **Total Assets** | 7,392,243 | 8,142,963 | 74,916 | 15,610,122 |
| **Deferred Outflows of Resources and Net Pension Asset:** | | | | |
| Deferred Outflows from Pensions | 21,412 | 21,410 | | 42,822 |
| **Liabilities:** | | | | |
| Current Liabilities: | | | | |
| Accounts and Other Accrued Payables | 52,000 | 170,484 | 145 | 222,629 |
| Accrued Payroll Payable | 9,592 | 9,592 | | 19,184 |
| Current portion long-term debt | 341,618 | 183,948 | | 525,566 |
| Total current liabilities | 403,210 | 364,024 | 145 | 767,379 |
| **Noncurrent Liabilities:** | | | | |
| Bonds and Captial Leases Payable | 1,024,129 | 524,742 | | 1,548,871 |
| Net Pension Liability | 113,621 | 113,616 | | 227,237 |
| Compensated Absences Payable | 11,061 | 11,061 | | 22,122 |
| Total noncurrent liabilities | 1,148,811 | 649,419 | 0 | 1,798,230 |
| **Total Liabilities** | 1,552,021 | 1,013,443 | 145 | 2,565,609 |
| **Deferred Inflows of Resources:** | | | | |
| Deferred Inflows from Pensions | 49,188 | 49,186 | 0 | 98,374 |
| **Net Position:** | | | | |
| Investment in capital assets net of related debt | 3,035,399 | 2,235,686 | 0 | 5,271,085 |
| Restricted | 95,893 | 95,893 | 0 | 191,786 |
| Unrestricted | 2,681,154 | 4,770,165 | 74,771 | 7,526,090 |
| **Total Net Position** | $ 5,812,446 | $ 7,101,744 | $ 74,771 | $ 12,988,961 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Revenues, Expenses, and Changes in Net Position**
**Proprietary Funds**
**for the year ended September 30, 2025**

| | Water Fund | Wastewater Fund | Irrigation Fund | Totals |
|---|---|---|---|---|
| **Operating Revenues:** | | | | |
| Charges for services | $ 1,712,069 | $ 2,692,773 | $ 32,131 | $ 4,436,973 |
| Miscellaneous | 101,870 | | 1,423 | 103,293 |
| Total Operating Revenue | 1,813,939 | 2,692,773 | 33,554 | 4,540,266 |
| **Operating Expenses:** | | | | |
| Salaries and benefits | 345,791 | 345,775 | 5,013 | 696,579 |
| Administrative and supplies | 7,979 | 8,461 | | 16,440 |
| Operations and maintenance | 551,575 | 537,147 | 12,278 | 1,101,000 |
| Utilities | 63,583 | 12,708 | | 76,291 |
| Depreciation | 169,896 | 135,019 | | 304,915 |
| Total Operating Expenses | 1,138,824 | 1,039,110 | 17,291 | 2,195,225 |
| **Net Operating Income** | 675,115 | 1,653,663 | 16,263 | 2,345,041 |
| **Nonoperating Revenues (Expenses):** | | | | |
| Interest Income | | 103,260 | | 103,260 |
| Interest Expense | (39,529) | (41,975) | | (81,504) |
| Grants | | | | 0 |
| Gain on Sale of Assets | | | | |
| Gain (Loss) on Pension Activity | 12,386 | 12,917 | | 25,303 |
| Total Nonoperating | (27,143) | 74,202 | 0 | 47,059 |
| **Income before transfers** | 647,972 | 1,727,865 | 16,263 | 2,392,100 |
| Transfers in | | | | 0 |
| Transfers out | | | | 0 |
| **Net Income** | 647,972 | 1,727,865 | 16,263 | 2,392,100 |
| **Total Net Position - Beginning** | 5,164,474 | 5,373,879 | 58,508 | 10,596,861 |
| **Total Net Position - Ending** | $ 5,812,446 | $ 7,101,744 | 74,771 | $ 12,988,961 |

The accompanying notes are a part of these financial statements.

**CITY OF VICTOR, IDAHO**
**Statement of Cash Flows**
**Proprietary Funds**
**for the year ended September 30, 2025**

| | Water Fund | Wastewater Fund | Irrigation Fund | Total |
|---|---|---|---|---|
| **Cash Flows From Operating Activities:** | | | | |
| Receipts from customers | $ 1,813,939 | $ 2,692,773 | $ 33,554 | $ 4,540,266 |
| Payments to suppliers | (609,936) | (549,807) | (12,133) | (1,171,876) |
| Payments to employees | (342,111) | (342,096) | (5,013) | (689,220) |
| Other receipts | | | | 0 |
| Net cash provided (used) by operations | 861,892 | 1,800,870 | 16,408 | 2,679,170 |
| **Cash Flows From Capital and Related Financing Activities:** | | | | |
| Purchase and construction of capital assets | 79,889 | 143,481 | | 223,370 |
| Principal paid on capital debt | (571,144) | (299,701) | | (870,845) |
| Interest paid on capital debt | (39,529) | (41,975) | | (81,504) |
| Net cash provided (used) by capital and related financing activities | (530,784) | (198,195) | 0 | (728,979) |
| **Cash Flows From Investing Activities:** | | | | |
| Due to other funds | | | | 0 |
| Transfers In/(Out) | | | | 0 |
| Interest Income | | 103,260 | | 103,260 |
| Net cash provided (used) by investing | 0 | 103,260 | 0 | 103,260 |
| **Net Increase (Decrease) in Cash and Deposits** | 331,108 | 1,705,935 | 16,408 | 2,053,451 |
| **Balances - Beginning of the year** | 2,577,050 | 3,398,215 | 58,508 | 6,033,773 |
| **Balances - Ending of the year** | $ 2,908,158 | 5,104,150 | $ 74,916 | $ 8,087,224 |
| Displayed as: | | | | |
| Pooled Cash and Investments | 2,812,265 | 5,008,257 | 74,916 | 7,895,438 |
| Restricted Assets | 95,893 | 95,893 | | 191,786 |
| **Balances - Ending of the year** | $ 2,908,158 | 5,104,150 | $ 74,916 | $ 8,087,224 |
| **Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:** | | | | |
| Operating Income | 675,115 | 1,653,663 | 16,263 | 2,345,041 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 169,896 | 135,019 | | 304,915 |
| Changes in assets and liabilities: | | | | |
| Receivables, net | | | | 0 |
| Accounts and other payables | 16,881 | 12,188 | 145 | 29,214 |
| **Net Cash Provided (Used) by Operating Activity** | $ 861,892 | $ 1,800,870 | $ 16,408 | $ 2,679,170 |

The accompanying notes are a part of these financial statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The financial statements of the City of Victor (the "City") have been prepared in accordance with accounting principles generally accepted in the United States {GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

Reporting Entity

The City is governed by an elected Mayor and City Council which together possess the final decision-making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding and deficits and borrowing funds and/or issuing bonds to finance construction.

Discretely Presented Component Unit. In conformity with generally accepted accounting principles, the basic financial statements of Victor Urban Renewal Agency are required to be included in the financial reporting entity as a discretely presented component unit, emphasizing their nature as a legally separate entity from the City.

Victor Urban Renewal Agency {the Agency). This component unit has a board, which is appointed by the Mayor of the City with the advice and consent of the Victor City Council. The Victor Urban Renewal Agency rehabilitates deteriorating or deteriorated areas. It has a fiscal year end of September 30. For financial reporting purposes, the City of Victor, Idaho, combines the general maintenance and operating accounts of the Agency with all other funds which the management of the City has oversight responsibility and the governing authority to significantly influence operations.

There are no other boards, councils, or component units for which the City of Victor exercises authority.

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

**Basis of Presentation:**

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

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities.

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

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

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

The City reports the following governmental funds:

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

The City reports the following enterprise funds:

*Water, Wastewater, and Irrigation Funds.* These funds account for the operation, maintenance, and development of the City's water and waste-water facilities, and irrigation collection.

**Discretely Presented Component Unit**

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

**Measurement Focus, Basis of Accounting**

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

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Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

*Entity Classifications.*

*A.* City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.

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

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

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

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

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

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

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

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

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

**Deposits and Investments**

The cash balances of substantially all funds are pooled and deposited in either US Bank or the funds individually invest in the State of Idaho Treasurer's Office for the purpose of increasing earnings through investment activities. The State Investment Pool amounts are reported at fair value at September 30 of each year based on market prices. The individual funds' portions of the bank balance and fair value of the State Investment Pool are presented as "Cash and Deposits". Earnings from the State Investments Pool are credited each month in the individual funds where the account is reported.

**Cash and Deposits**

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

**Receivables and Payable**

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

**Property Tax Calendar**

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

**Budgetary Data**

Prior to September 1, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1.

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The operating budget includes proposed expenditures and the means of financing them. After reviewing the preliminary budget, the Council sets a public budget hearing to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance.

Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval. All annual appropriations lapse at year end. Budgetary data is prepared on the basis of accounting used by a particular fund as explained above. However, only current period payments on capital leases are budgeted, not the full capitalized lease amounts. Depreciation for the proprietary funds is not budgeted; however, an allowance for capital outlay is included in budgeted expenditures.

Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Inventory**

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

**Capital Assets**

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

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

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

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

Continued

**Compensated Absences**

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

**Pensions**

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

**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.

## NOTE 2 – CASH AND DEPOSITS

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, $ 1,474,977 of the City's bank balances were exposed to custodial credit risk because it was not covered by the FDIC.

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

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Investment Type

| | |
|---|---|
| Idaho State Local Government Investment Pool | $ 7,777,263 |

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

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

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

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

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

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

| | |
|---|---|
| Cash on Hand | $ 0 |
| Deposits with financial institutions: | |
| Demand deposits | 2,224,978 |
| Brokerage Accounts | 4,096,303 |
| State of Idaho Investment Pool | 7,777,263 |
| Total | $ 14,095,544 |

## NOTE 3 – DELINQUENT TAXES RECEIVABLE

Property taxes are levied in November of each year and due in two equal installments at December 20 and June 20 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.

Delinquent taxes not paid within 60 days of year-end are recorded as deferred revenue in the governmental fund financial statements. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the City regardless of when cash is received. Over time, substantially all property taxes are collected. Although small amounts of delinquent taxes

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are collected within 60 days following the close of the City's fiscal year, the City feels secure in the right of the County to take tax deeds on property for the collection of real property taxes. Therefore, an allowance for uncollectible taxes receivable has not been established and would be immaterial.

## NOTE 4 – CAPITAL ASSETS

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| *Capital Assets not being depreciated:* | | | | |
| Land | $ 815,914 | $ | $ | $ 815,914 |
| Construction in Progress | 0 | | | 0 |
| Total | 815,914 | 0 | 0 | 815,914 |
| *Capital Assets being depreciated:* | | | | |
| Buildings & Improvements | 3,247,859 | | | 3,247,859 |
| Infrastructure | 3,702,164 | 1,066,217 | | 4,768,381 |
| Parks | 631,255 | | | 631,255 |
| Vehicles and Equipment | 573,107 | 496,205 | | 1,069,312 |
| Right of Use Assets | 651,999 | | | 651,999 |
| Total | 8,806,384 | 1,066,217 | 0 | 10,368,806 |
| Less: Accumulated Depreciation: | 2,894,872 | 279,768 | | 3,174,640 |
| Total Net Depreciated Assets | 5,911,512 | 786,449 | 0 | 7,194,166 |
| Governmental capital assets, net | $ 6,727,426 | $ 786,449 | $ 0 | $ 8,010,080 |
| **Business-type activities:** | | | | |
| *Capital Assets not being depreciated:* | | | | |
| Land | $ 180,866 | $ | $ | $ 180,866 |
| Water Rights | 290,000 | | | 290,000 |
| Construction in Progress | 0 | | | 0 |
| Total | 470,866 | 0 | 0 | 470,866 |
| *Capital Assets being depreciated:* | | | | |
| Buildings & Improvements | 1,605,079 | | | 1,605,079 |
| Infrastructure | 10,384,433 | | | 10,384,433 |
| Vehicles and Equipment | 971,546 | 36,996 | | 1,008,542 |
| Total | 13,221,424 | 36,996 | 0 | 12,998,054 |
| Less: Accumulated Depreciation | 5,818,483 | 304,915 | | 6,123,398 |
| Total Net Depreciated Assets | 7,402,941 | (267,919) | 0 | 7,135,022 |
| **Business-type capital assets, net** | $ 7,873,807 | $ (267,919) | $ 0 | $ 7,345,522 |

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## NOTE 5 - BONDS PAYABLE

Governmental Funds:

*Compensated Absences* - The City's benefits include a provision for compensated absences. The liability for this benefit is liquidated by the fund in which the employee is paid from.

*Notes Payable* - On August 25, 2023, the City entered into a lease purchase agreement for 138 N. Main Street for $600,000. The lease agreement has been amortized using a discount rate of at 5.75%. The agreement requires quarterly payments for 5 years of $34,733.

In November 2022, the City closed a note with Zion's Bank for $1,400,000 at a rate of 3.89%. The The agreement requires semi-annual payments for 5 years of principal and interest. These funds are for the construction of the public works facility and are managed via an escrow account with Zions. The cost has been split across water, sewer, and the local option tax funds equally. The amounts for the water and sewer funds are shown in the Business-Type Enterprise section below.

**Business-Type Enterprise Funds:**
On May 15, 2006, the City issued water revenue bonds through Department of Environmental Quality for $2,000,000 at 3.5%. The bonds require semi-annual payments for 20 years of $69,944.

On July 28, 2014, the City issued water revenue bonds through Department of Environmental Quality for $2,000,000 at 1.75%. The bonds require semi-annual payments for 20 years of $59,485.

On June 21, 2016, the City closed a note with the City of Driggs for their portion of the sewer interceptor for $1,073,264 at 0.0%. The bonds require semi-annual payments for 20 years of $26,831.

The City is required to establish at the time of the issuance of the bond a reserve fund in an amount equal to 1 year's payment of principal and interest and the City has $191,786 in reserve as of the year ended September 30, 2024.

## NOTE 6 – CAPITAL LEASES

*Lease Obligation* – The City has several lease agreements. Depreciation expense of assets held under the lease obligations are described as right of use assets and included in the total depreciation as disclosed in Note 3.

*City as lessee*
The terms and expiration dates of the City's leases payable at September 30, 2024, follow:

On December 15, 2021, the City entered into a space lease agreement with U.S. Bank for office space. The lease agreement is for 120 months with a renewal option for an additional 120 months, which the City intends to use. Required base monthly rent is $2,541 with a 3% increase starting on the fourth anniversary and each month thereafter until termination. The lease liability is calculated using an interest **rate** of 1.38%

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*City as lessor*
The City, as a lessor, has entered into a lease agreement with AT&T Tower land space. The lease requires AT&T to pay a monthly payment. The base rent amount for 2022 was $4,052 with a 3% increase on the anniversary day of the lease, which is of each year. The rent receivable is calculated at a discount rate of 1.36% . The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized during the fiscal year was $49,230. This total includes $- of variable and other payments not previously included in the measurement of the lease receivable.

## NOTE 7 – LITIGATION

The City, at the financial statement date, is not involved in any material litigation as either defendant or plaintiff.

## NOTE 8 – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The City carries commercial insurance coverage for these risks to the extent deemed prudent by the City Council. The City is also protected by the Idaho Tort Claims Act, which limits exposure to tort claims against the City.

## NOTE 9 – VICTOR URBAN RENEWAL AGENCY

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

## NOTE 10 – DRIGGS WATEWATER AGREEMENT

The City is participating in an inter-city agreement with the City of Driggs for the treatment of wastewater from the City of Victor. Under this agreement, the City of Victor assists in the repayment of a bond taken by the City of Driggs for the upgrade and reconstruction of their current wastewater treatment plant in order to increase their capacity based on the 2014 annual flow or $151,985 per year. In addition, the City of Victor agreed to cover a portion of monthly operations of this plant in a cost-sharing agreement. The agreement started in October 2011 and extends for 20 years from the date thereof with 2 options to extend for an additional 5 years each.

The City of Driggs assesses and collects based on every 1,000 gallons of flow received each month.

In the event of further capital improvements, the City of Victor can choose to participate in the payment of expenditures based on a cost-,sharing plan, or to have the City of Driggs pass through a proportionate share of debt related to the capital improvements.

The City of Driggs has a fiscal year end of September 30. Financial statements are available at the City of Driggs website at *www.driggsidaho.org/finance.*

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## NOTE 11 – EMPLOYEE RETIREMENT PLAN

*Plan Description*

The City of Victor 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.

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 the employer rate for general employees. As of June 30, 2025, it was 7.18% for general employees. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.96% for general employees. The City's contributions were $ 119,740 for the year ended September 30, 2025.

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*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 0.0188971 percent.

For the year ended September 30, 2025, the City recognized pension expense (revenue) of $100,145. 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 | $ 0 | $ 0 |
| Changes in assumptions or other inputs | $ 0 | $ 80,355 |
| Net difference between projected and actual earnings on pension plan investments | $ 86,112 | $ 117,470 |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | $ (29,935) | |
| City's contributions subsequent to the measurement date | $ 29,935 | |
| Total | $ 86,112 | $ 197,825 |

$ 29,935 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:

-Continued

**Year ended September 30, 2025:**

| | |
|---|---|
| 2026 | $ 78,155 |
| 2027 | $ ( 76,372) |
| 2028 | $ ( 69,890) |
| 2029 | $ ( 43,606) |

*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%
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.

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.

-Continued

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2025.

2024

| | DB Plans | Sick Leave |
|---|---|---|
| Asset Class | | |
| 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 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:

| | **1% Decrease (5.55%)** | **Current Discount Rate (6.55%)** | **1% Increase (7.55%)** |
|---|---|---|---|
| Employer's proportionate share of the net pension liability (asset) | $ 452,393 | $ 456,963 | $ 461,533 |

-Continued

*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 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the audit report date.

**REQUIRED**
**SUPPLEMENTARY INFORMATION**

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

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| Property Taxes | $ 629,129 | $ 629,129 | $ 630,907 | $ 1,778 |
| Franchises, licenses, permits | 10,000 | 10,000 | 15,092 | 5,092 |
| State of Idaho shared revenue | 244,219 | 244,219 | 265,211 | 20,992 |
| State of Idaho sales tax | | 0 | 0 | 0 |
| State of Idaho liquor receipts | 85,068 | 85,068 | 96,607 | 11,539 |
| State highway user collections | 0 | 0 | 0 | 0 |
| Fees, fines, and charges for services | 170,035 | 170,035 | 318,742 | 148,707 |
| Grants and contributions | 0 | 0 | 850 | 850 |
| Earnings on investments | 0 | 0 | 107,754 | 107,754 |
| Gain on Sale of Assets | 0 | 0 | 0 | 0 |
| Miscellaneous | 67,036 | 67,036 | 13,949 | (53,087) |
| Total Revenue | 1,205,487 | 1,205,487 | 1,449,112 | 243,625 |
| EXPENDITURES: | | | | |
| Salary and Wages | 750,745 | 750,745 | 699,142 | 51,603 |
| Administration | 92,772 | 92,772 | 78,192 | 14,580 |
| Professional Fees | 134,199 | 134,199 | 114,508 | 19,691 |
| Maintenance and Utilities | 147,078 | 147,078 | 119,078 | 28,000 |
| Contributions | 42,000 | 42,000 | 42,000 | 0 |
| Community Events | 26,065 | 26,065 | 28,399 | (2,334) |
| Insurance | 24,651 | 24,651 | 24,650 | 1 |
| Community Development | 44,000 | 44,000 | 58,835 | (14,835) |
| Miscellaneous | 3,977 | 49,977 | 19,931 | 30,046 |
| Capital outlay | 0 | 0 | 0 | 0 |
| Total Expenditures | 1,265,487 | 1,311,487 | 1,184,735 | 126,752 |
| EXCESS REVENUE (EXPENDITURES) | (60,000) | (106,000) | 264,377 | 370,377 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | 60,000 | 60,000 | 62,528 | 2,528 |
| Operating transfers (to) other funds | | 0 | | 0 |
| NET CHANGE IN FUND BALANCES | 0 | (46,000) | 326,905 | 372,905 |
| FUND BALANCE - BEGINNING | 2,368,762 | 2,368,762 | 2,368,762 | 0 |
| FUND BALANCE - ENDING | $ 2,368,762 | $ 2,322,762 | $ 2,695,667 | $ 372,905 |

**CITY OF VICTOR, IDAHO**
**Schedule of Revenues, Expenditures and Changes in Fund Balances**
**Budget and Actual -- Streets and Roads**
**for the year ended September 30, 2025**

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| State Highway user collections | $ 123,423 | $ 123,423 | $ 186,716 | $ 63,293 |
| County Road Levy | 205,000 | 205,000 | 149,700 | (55,300) |
| Grants and contributions | 692,037 | 692,037 | 133,841 | (558,196) |
| Earnings on investments | 0 | 0 | 68,895 | 68,895 |
| Miscellaneous | 0 | 0 | | 0 |
| Total Revenue | 1,020,460 | 1,020,460 | 539,152 | (481,308) |
| EXPENDITURES: | | | | |
| Personnel expense | 278,053 | 278,053 | 272,717 | 5,336 |
| Operations and Maintenance | 1,254,044 | 1,302,699 | 1,095,389 | 207,310 |
| Street Lights | 6,721 | 6,721 | 8,729 | (2,008) |
| Contingency | | | | 0 |
| Total Expenditures | 1,538,818 | 1,587,473 | 1,376,835 | 210,638 |
| EXCESS REVENUE (EXPENDITURES) | (518,358) | (567,013) | (837,683) | (270,670) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | 428,358 | 428,358 | 428,358 | 0 |
| Operating transfers (to) other funds | | | | 0 |
| NET CHANGE IN FUND BALANCES | (90,000) | (138,655) | (409,325) | (270,670) |
| FUND BALANCE - BEGINNING | 1,226,931 | 1,226,931 | 1,226,931 | 0 |
| FUND BALANCE - ENDING | $ 1,136,931 | $ 1,088,276 | $ 817,606 | $ (270,670) |

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

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| Depot Income | $ 77,400 | $ 77,400 | $ 70,580 | $ (6,820) |
| Grants and contributions | 535,919 | 535,919 | 391,820 | (144,099) |
| Miscellaneous | 0 | 0 | 29,655 | 29,655 |
| Total Revenue | 613,319 | 613,319 | 492,055 | (121,264) |
| EXPENDITURES: | | | | |
| Depot Operations | 77,400 | 77,400 | 13,712 | 63,688 |
| Operations and Maintenance | | | 76,247 | (76,247) |
| Capital outlay | 535,919 | 605,919 | 379,398 | 226,521 |
| Miscellaneous | | | | 0 |
| Total Expenditures | 613,319 | 683,319 | 469,357 | 213,962 |
| EXCESS REVENUE (EXPENDITURES) | 0 | (70,000) | 22,698 | 92,698 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | | | | 0 |
| Operating transfers (to) other funds | | | | 0 |
| NET CHANGE IN FUND BALANCES | 0 | (70,000) | 22,698 | 92,698 |
| FUND BALANCE - BEGINNING | 902,616 | 902,616 | 902,616 | 0 |
| FUND BALANCE - ENDING | $ 902,616 | $ 832,616 | $ 925,314 | $ 92,698 |

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

| | Original Budget Amounts | Final Budget Amounts | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| REVENUE: | | | | |
| Local Option Sales Taxes | $ 1,200,000 | $ 1,200,000 | $ 1,169,218 | $ (30,782) |
| Earnings on investments | | | | 0 |
| Miscellaneous | | | 59,539 | 59,539 |
| Total Revenue | 1,200,000 | 1,200,000 | 1,228,757 | 28,757 |
| EXPENDITURES: | | | | |
| Law Enforcement | 67,400 | 67,400 | 45,000 | 22,400 |
| Affordable Housing | 400,000 | 400,000 | 378,806 | 21,194 |
| Pathway & Sidewalks | 48,452 | 48,452 | 6,860 | 41,592 |
| Parks | 87,033 | 87,033 | 73,670 | 13,363 |
| City Improvements | 203,300 | 280,650 | 141,371 | 139,279 |
| Public Works Facility | 0 | 0 | 0 | 0 |
| Total Expenditures | 806,185 | 883,535 | 645,707 | 237,828 |
| EXCESS REVENUE (EXPENDITURES) | 393,815 | 316,465 | 583,050 | 266,585 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers from other funds | 0 | 0 | 0 | 0 |
| Operating transfers (to) other funds | (488,358) | (488,358) | (490,886) | (2,528) |
| NET CHANGE IN FUND BALANCES | (94,543) | (171,893) | 92,164 | 264,057 |
| FUND BALANCE - BEGINNING | 520,033 | 520,033 | 520,033 | 0 |
| FUND BALANCE - ENDING | $ 425,490 | $ 348,140 | $ 612,197 | $ 264,057 |

**CITY OF VICTOR, 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**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Employer's portion of the net pension liability | 0.0182500% | 0.0175600% | 0.0168000% | 0.0172800% | 0.0164700% |
| Employer's proportionate share of the net pension liability | $ 423,896 | $ 200,416 | $ 247,860 | $ 271,612 | $ 333,158 |
| Employer's covered-employee payroll | $ 660,565 | $ 625,456 | $ 533,365 | $ 530,362 | $ 487,381 |
| Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | 64.17% | 32.04% | 46.47% | 51.21% | 68.36% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.22% | 93.79% | 91.69% | 90.68% | 87.26% |

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Employer's portion of the net pension liability | 0.0188971% | 0.0186265% | 0.0183400% | 0.0169100% | 0.0193500% |
| Employer's proportionate share of the net pension liability (Asset) | $ 456,963 | $ 696,753 | $ 731,918 | $ 666,050 | $ (15,282) |
| Employer's covered-employee payroll | $ 1,001,173 | $ 965,411 | $ 779,837 | $ 667,690 | $ 721,880 |
| Employer's proportional share of the net pension liability (Asset) as a percentage of its covered-employee payroll | 45.64% | 72.17% | 93.86% | 99.75% | -2.12% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.89% | 85.54% | 83.83% | 83.09% | 100.36% |

Data reported is measured as of June 30, 2025

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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Statutorily required contributions | $ 81,024 | $ 72,674 | $ 60,377 | $ 60,037 | $ 55,172 |
| Contributions in relation to the statutorily required contribution | $ 81,026 | $ 72,350 | $ 60,387 | $ 59,527 | $ 54,950 |
| Contribution (deficiency) excess | $ 2 | $ (324) | $ 10 | $ (510) | $ (222) |
| Employer's covered-employee payroll | $ 660,565 | $ 625,456 | $ 533,365 | $ 530,362 | $ 487,381 |
| Contributions as a percentage of covered-employee payroll | 11.94% | 11.48% | 11.32% | 11.22% | 11.27% |

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Statutorily required contributions | $ 119,740 | $ 107,933 | $ 97,122 | $ 81,953 | $ 82,898 |
| Contributions in relation to the statutorily required contribution | $ (119,740) | $ (107,933) | $ 97,121 | $ 81,954 | $ 82,898 |
| Contribution (deficiency) excess | $ 0 | $ 0 | $ (1) | $ 1 | $ 0 |
| Employer's covered-employee payroll | $ 1,001,173 | $ 965,411 | $ 779,837 | $ 667,690 | $ 721,880 |
| Contributions as a percentage of covered-employee payroll | 11.96% | 11.18% | 11.77% | 11.94% | 11.94% |

WORKMAN & COMPANY | Office of Accounting

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

March 31, 2026

To the City Council
City of Victor, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Victor, 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 Victor, Idaho's basic financial statements, and have issued our report thereon dated March 31, 2026

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Workman & Company*

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho