

*In the opinion of Skinner Fawcett LLP, Bond Counsel, assuming continuous compliance with certain covenants described below: (i) interest on the 2020 Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) interest on the 2020 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code; and (iii) interest on the 2020 Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS" herein.*

**\$10,870,000**

## **City of Ketchum, Idaho**

### **General Obligation Bonds, Series 2020**

The \$10,870,000 General Obligation Bonds, Series 2020 (the "2020 Bonds") are issued by the City of Ketchum, Idaho (the "City"), as fully-registered bonds and, when initially issued, will be in book-entry form, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York. DTC will act as securities depository for the 2020 Bonds.

Principal of and interest on the 2020 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2021) are payable by Zions Bancorporation, National Association, Boise, Idaho, as Paying Agent (the "Paying Agent"), to the registered owners thereof, initially DTC. See "THE 2020 BONDS—Book-Entry System" herein.

The 2020 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See "THE 2020 BONDS—Redemption Provisions" herein.

*The 2020 Bonds will be general obligations of the City payable from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all of the taxable property in the City, fully sufficient to pay the 2020 Bonds as to both principal and interest.*

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Dated: Date of Delivery<sup>1</sup>

Due: September 15, as shown on inside cover

**See the inside front cover for the maturity schedule of the 2020 Bonds**

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**The 2020 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*<sup>®</sup> electronic bid submission system on March 4, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE dated as of the date of the PRELIMINARY OFFICIAL STATEMENT to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin at a "true interest rate" of 1.92%.**

**Zions Public Finance, Inc., Boise, Idaho, acted as Municipal Advisor.**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.*

This OFFICIAL STATEMENT is dated March 4, 2020, and the information contained herein speaks only as of that date.

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<sup>1</sup> The anticipated date of delivery is Wednesday, March 18, 2020.

# City of Ketchum, Idaho

## \$10,870,000

### General Obligation Bonds, Series 2020

**Dated: Date of Delivery<sup>1</sup>**

**Due: September 15, as shown below**

#### \$9,845,000 Serial Bonds

<u>Due September 15</u>	<u>CUSIP® 492638</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2021.....	BK6	\$145,000	5.00 %	0.73%
2022.....	BL4	305,000	5.00	0.74
2023.....	BM2	320,000	5.00	0.74
2024.....	BN0	335,000	5.00	0.74
2025.....	BP5	355,000	5.00	0.75
2026.....	BQ3	370,000	5.00	0.80
2027.....	BR1	390,000	5.00	0.86
2028.....	BS9	410,000	5.00	0.95
2029.....	BT7	430,000	5.00	1.00
2030.....	BU4	450,000	2.00	1.10 <sup>c</sup>
2031.....	BV2	460,000	2.00	1.20 <sup>c</sup>
2032.....	BW0	470,000	2.00	1.40 <sup>c</sup>
2033.....	BX8	480,000	2.00	1.60 <sup>c</sup>
2034.....	BY6	490,000	2.00	1.70 <sup>c</sup>
2035.....	BZ3	495,000	2.00	1.80 <sup>c</sup>
2038.....	CC3	530,000	2.00	2.05
2039.....	CD1	540,000	2.00	2.10
2040.....	CE9	550,000	2.125	2.15
2041.....	CF6	560,000	2.125	2.20
2042.....	CG4	575,000	2.125	2.23
2043.....	CH2	585,000	2.25	2.26
2044.....	CJ8	600,000	2.25	2.30

**\$1,025,000 2.00% Term Bond due September 15, 2037—Price of 100.00% (CUSIP 492638 CB5)**

<sup>1</sup> The anticipated date of delivery is Wednesday, March 18, 2020.

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<sup>c</sup> Priced to par call on March 15, 2030.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2020 Bonds (as defined herein), by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other informational representations must not be relied upon as having been authorized by either the City of Ketchum, Idaho (the “City”); Zions Public Finance, Inc., Boise, Idaho, as Municipal Advisor; Zions Bancorporation, National Association, Boise, Idaho, as Paying Agent; the successful bidder; or any other entity. All other information contained herein has been obtained from the City, The Depository Trust Company, New York, New York and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2020 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the City since the date hereof.

The 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

***The yields/prices at which the 2020 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this OFFICIAL STATEMENT. In addition, the successful bidder may allow concessions or discounts from the initial offering prices of the 2020 Bonds to dealers and others. In connection with the offering of the 2020 Bonds, the successful bidder may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2020 Bonds. Such transactions may include overallotments in connection with the purchase of 2020 Bonds, the purchase of 2020 Bonds to stabilize their market price and the purchase of 2020 Bonds to cover the successful bidder’s short positions. Such transactions, if commenced, may be discontinued at any time.***

***Forward-Looking Statements.*** Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “project,” “forecast,” “expect,” “estimate,” “budget” or other similar words. ***The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.***

The CUSIP (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders only, and the City makes no representation with respect to such numbers or undertakes any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the 2020 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2020 Bonds.

The content from websites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2020 Bonds and is not a part of this OFFICIAL STATEMENT.

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## City of Ketchum, Idaho

# OFFICIAL STATEMENT RELATED TO

**\$10,870,000**

## **City of Ketchum, Idaho**

### **General Obligation Bonds, Series 2020**

#### **INTRODUCTION**

This introduction is only a brief description of the 2020 Bonds, as hereinafter defined, the security and source of payment for the 2020 Bonds and certain information regarding City of Ketchum, Blaine County, Idaho (the “City”). The information contained herein is expressly qualified by reference to the entire OFFICIAL STATEMENT. Investors are urged to make a full review of the entire OFFICIAL STATEMENT, as well as of the documents summarized or described herein.

See the following appendices that are attached hereto and incorporated herein by reference: “APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019”; “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL”; “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT”; and “APPENDIX D—BOOK—ENTRY SYSTEM.”

When used herein the terms “Fiscal Year[s] 20YY” or “Fiscal Year[s] End[ed][ing] September 30, 20YY” shall refer to the year ended or ending on September 30 of the year indicated and beginning on October 1 of the preceding calendar year. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Bond Ordinance (as defined herein).

#### **Public Sale/Electronic Bid**

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on March 4, 2020 as set forth in the OFFICIAL NOTICE OF BOND SALE dated as of the date of the PRELIMINARY OFFICIAL STATEMENT to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin at a “true interest rate” of 1.92%.

#### **City of Ketchum, Idaho**

The City, incorporated in 1961, covers an area of approximately 3.1 square miles. Located in Blaine County, Idaho (the “County”), the City is situated in central Idaho at the northern end of the Wood River Valley. The City lies adjacent to the City of Sun Valley, known for its world-class mountain resort. The City had approximately 2,827 residents according to the 2018 Census estimate. See “CITY OF KETCHUM, IDAHO” below.

#### **The 2020 Bonds**

This OFFICIAL STATEMENT, including the cover page, introduction and Appendices (the “OFFICIAL STATEMENT”), provides information in connection with the issuance and sale of \$10,870,000 aggregate principal amount of General Obligation Bonds, Series 2020 (the “2020 Bonds” or “2020 Bond”), initially issued in book-entry form only.

## **Authorization for and Purpose of the 2020 Bonds**

*Authority.* The 2020 Bonds are being issued pursuant to the applicable provisions of (i) Title 50, Chapter 10, Idaho Code, as amended (the “Idaho Code”) and the Public Obligations Registration Act, Title 57, Chapter 9, Idaho Code, as amended, and the Municipal Bond Law, Title 57, Chapter 2, Idaho Code (collectively, the “Act”), (ii) Ordinance No. 1206 adopted by the City Council of the City (the “City Council”) and approved by the Mayor on February 18, 2020 (the “Bond Ordinance”), which provides for the sale and issuance of the 2020 Bonds, and (iii) other applicable provisions of law.

The 2020 Bonds were authorized at a bond election held for that purpose on November 5, 2019 (the “2019 Bond Election”). The proposition submitted to the voters of the City was as follows:

Shall the City of Ketchum, Blaine County, Idaho, be authorized to incur an indebtedness and issue and sell its general obligation bonds, in one or more series of bonds, in an aggregate principal amount for all such bonds of not more than \$11,500,000, or so much thereof as may be necessary, for the purpose of providing funds with which to construct and equip a new fire station and acquire certain firefighting equipment, with each of said series of bonds to be payable annually or at such lesser intervals as determined by future resolutions or ordinances of the City, and to mature serially with the final installment to fall due within twenty-five (25) years from the date of each of said series of bonds, and to bear interest at a rate or rates to be determined by future resolutions or ordinances of the City, all as provided in the ordinance of the City adopted on September 3, 2019?

At the 2019 Bond Election there were 697 votes cast in favor of the issuance of bonds and 338 votes cast against the issuance of bonds, for a total vote count of 1,035, with approximately 67.3% in favor of the issuance of bonds, exceeding the required two-thirds majority approval for election passage.

The 2020 Bonds are the first and only block of bonds to be issued from the 2019 Bond Election. After the sale and delivery of the 2020 Bonds, the City will have exhausted its 2019 Bond Election authorization.

## **Security**

The 2020 Bonds will be general obligations of the City, payable from the proceeds of ad valorem taxes to be levied, without limitation as to rate or amount, on all of the taxable property in the City, fully sufficient to pay the 2020 Bonds as to both principal and interest. See “SECURITY AND SOURCES OF PAYMENT” and “FINANCIAL INFORMATION REGARDING THE CITY OF KETCHUM, IDAHO—Property Tax Matters” below.

## **Redemption Provisions**

The 2020 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. See “THE 2020 BONDS—Redemption Provisions” herein.

## **Registration, Denominations, Manner of Payment**

The 2020 Bonds are issuable only as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, (“DTC”). DTC will act as securities depository of the 2020 Bonds. Purchases of 2020 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC’s Participants (as defined herein). Beneficial Owners (as defined herein) of the 2020 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2020 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX D—BOOK-ENTRY SYSTEM.”



Principal of and interest on the 2020 Bonds (interest payable March 15 and September 15 of each year, commencing March 15, 2021) are payable by Zions Bancorporation, National Association, Boise, Idaho (“Zions Bancorporation”), as paying agent (the “Paying Agent”) for the 2020 Bonds, to the registered owners of the 2020 Bonds. So long as Cede & Co. is the registered owner of the 2020 Bonds, DTC will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2020 Bonds, as described under “APPENDIX D—BOOK—ENTRY SYSTEM” below.

So long as DTC or its nominee is the sole registered owner of the 2020 Bonds, neither the City, the successful bidder(s), nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2020 Bonds. Under these same circumstances, references herein and in the Bond Ordinance to the “Bondowners” or “Registered Owners” of the 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2020 Bonds.

### **Tax-Exempt Status of the 2020 Bonds**

In the opinion of Skinner Fawcett LLP, Bond Counsel, assuming continuous compliance with certain covenants described below: (i) interest on the 2020 Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), (ii) interest on the 2020 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code; and (iii) interest on the 2020 Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See “TAX MATTERS” herein for a description of this designation.

### **Professional Services**

In connection with the issuance of the 2020 Bonds, the following have served the City in the capacity indicated.

*Bond Counsel*

Skinner Fawcett LLP  
250 Bobwhite Court, Ste. 240  
Boise, ID 83706  
208.345.2663 | f 208.345.2668  
[rskinner@skinnerfawcett.com](mailto:rskinner@skinnerfawcett.com)  
[jmcdevitt@skinnerfawcett.com](mailto:jmcdevitt@skinnerfawcett.com)

*Attorney for the City*

White Peterson  
5700 E Franklin Rd., Ste 200  
Nampa, ID 83687–7901  
208.466.9272 | f 208.466.4405  
[mjohnson@whitepeterson.com](mailto:mjohnson@whitepeterson.com)

*Paying Agent and Bond Registrar*

Zions Bancorporation, National Association  
800 W. Main St., Ste. 700  
Boise, ID 83702  
208.501.7493  
[mark.henson@zionsbancorp.com](mailto:mark.henson@zionsbancorp.com)

*Municipal Advisor*

Zions Public Finance, Inc.  
800 W. Main St., Ste. 700  
Boise, ID 83702  
208.501.7533  
[christian.anderson@zionsbancorp.com](mailto:christian.anderson@zionsbancorp.com)

### **Conditions of Delivery, Anticipated Date, Manner and Place of Delivery**

The 2020 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s) subject to the approval of legality by Skinner Fawcett LLP, Boise, Idaho, Bond Counsel to the City, and certain other conditions. Certain legal matters will be passed upon for the City by White Peterson, Nampa, Idaho. It is expected that the 2020 Bonds, in book–entry form, will be available for delivery to DTC or its agent on or about Wednesday, March 18, 2020.

## **Continuing Disclosure Agreement**

The City will enter into a Continuing Disclosure Agreement (the “Disclosure Undertaking”) for the benefit of the Owners of the 2020 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE AGREEMENT” below and “APPENDIX C—FORM OF CONTINUING DISCLOSURE AGREEMENT.”

### **Basic Documentation**

This OFFICIAL STATEMENT speaks only as of its date and the information contained herein is subject to change. Brief descriptions of the City, the 2020 Bonds, and the Bond Ordinance are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to such document and references herein to the 2020 Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance. The “basic documentation” which includes the Bond Ordinance, the closing documents and other documentation, authorizing the issuance of the 2020 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction may be obtained from the “contact persons” as indicated below.

### **Contact Persons**

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Boise, Idaho, as municipal advisor to the City (the “Municipal Advisor”):

Christian Anderson, Vice President, [christian.anderson@zionsbancorp.com](mailto:christian.anderson@zionsbancorp.com)  
Zions Public Finance, Inc.  
800. W. Main St., Ste. 700  
Boise, ID 83702  
208.501.7533

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the City concerning the 2020 Bonds are:

Mayor Neil Bradshaw, [nbradshaw@ketchumidaho.org](mailto:nbradshaw@ketchumidaho.org)  
Grant Gager, Director of Finance & Internal Services, [ggager@ketchumidaho.org](mailto:ggager@ketchumidaho.org)  
City of Ketchum  
480 East Ave. N. (P.O. Box 2315)  
Ketchum, ID 83340  
208.726.3841 | f 208.726.8234

## **CONTINUING DISCLOSURE AGREEMENT**

### **Disclosure Undertaking**

The City will enter into a Disclosure Undertaking for the benefit of the Owners of the 2020 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rule-making Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2020 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth

in the proposed form of Disclosure Undertaking in “APPENDIX C—PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The Disclosure Undertaking requires the City to submit its annual financial report (Fiscal Year Ending September 30) and other operating and financial information on or before March 29 (180 days from the end of the Fiscal Year). The City will submit the Fiscal Year 2020 financial report and other operating and financial information for the 2020 Bonds on or before March 29, 2021, and annually thereafter on or before each March 29.

***During the five years prior to the date of this OFFICIAL STATEMENT, the City has not been subject to the Rule’s requirements for undertakings or disclosure thereunder.***

A failure by the City to comply with the Disclosure Undertaking will not constitute a default under the Bond Ordinance and the Beneficial Owners of the 2020 Bonds are limited to the remedies described in the Undertaking. A failure by the City to comply with the annual disclosure requirements of the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2020 Bonds in the secondary market. Consequently, such a failure may adversely affect the marketability and liquidity of the 2020 Bonds and their market price.

Bond Counsel expresses no opinion as to whether the Undertaking complies with the requirements of the Rule.

## **THE 2020 BONDS**

### **General**

The 2020 Bonds will be dated the date of their original issuance and delivery <sup>1</sup> (the “Dated Date”) and will mature on September 15 of the years and in the amounts and pay interest on the dates and at the rates shown on the inside front cover page.

The 2020 Bonds will bear interest from their Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2020 Bonds is payable semiannually on each March 15 and September 15, commencing March 15, 2021. Interest on the 2020 Bonds will be computed on the basis of a 360–day year comprised of 12, 30–day months. Zions Bancorporation is the initial Registrar (the “Registrar”) and Paying Agent for the 2020 Bonds under the Bond Ordinance. If any date for the payment of principal or interest on the 2020 Bonds is not a business day, then the payment will be due on the first day thereafter that is a business day and no interest will accrue during such period.

The 2020 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of \$5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2020 Bonds are being issued within the constitutional debt limit imposed on cities in the State of Idaho. See “DEBT STRUCTURE OF CITY OF KETCHUM, IDAHO—General Obligation Legal Debt Limit and Additional Debt Incurring Capacity” below.

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<sup>1</sup> The anticipated date of delivery is Wednesday, March 18, 2020.

## Sources and Uses of Funds

The proceeds from the sale of the 2020 Bonds are estimated to be applied as set forth below:

### Sources:

Par amount of 2020 Bonds.....	\$10,870,000.00
Original issue premium.....	<u>837,284.65</u>
Total .....	<u>\$11,707,284.65</u>

### Uses:

Deposit to project construction fund.....	\$11,500,000.00
Underwriter's discount.....	119,753.14
Costs of issuance (1).....	<u>87,531.51</u>
Total .....	<u>\$11,707,284.65</u>

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Bond Registrar and Paying Agent fees, rounding amounts, and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

## Redemption Provisions

*Optional Redemption.* The 2020 Bonds maturing on and after September 15, 2030 are subject to redemption prior to maturity in whole or in part at the option of the City on March 15, 2030 (the "First Redemption Date") or on any date thereafter, from such maturities or parts thereof as shall be selected by the City, at the redemption price of 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, upon not less than 30 days' prior written notice. Any 2020 Bond maturing on or prior to the First Redemption Date are not subject to optional redemption.

*Mandatory Sinking Fund Redemption.* The 2020 Bonds maturing on September 15, 2037 (the "2020 Term Bonds") are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date of redemption, on the dates and in the Principal amounts as set forth below:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
September 15, 2036 .....	\$ 505,000
September 15, 2037 (stated maturity).....	<u>520,000</u>
Total .....	<u>\$1,025,000</u>

Upon redemption of any 2020 Term Bonds, other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for such 2020 Term Bonds, in such order of mandatory sinking fund date as shall be directed by the City.

*Selection for Redemption.* If less than all 2020 Bonds of any maturity are to be redeemed, the particular 2020 Bonds or portion of 2020 Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2020 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or a whole multiple thereof, and in selecting portions of such 2020 Bonds for redemption, the Bond Registrar will treat each such 2020 Bond as representing that number of 2020 Bonds of \$5,000 denomination that is obtained by dividing the principal amount of such 2020 Bond by \$5,000.

*Notice of Redemption.* Notice of redemption will be given by the Bond Registrar by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the Record Date, as defined under “THE BONDS—Registration and Transfer” below, of each 2020 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the City kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the Record Date. Each notice of redemption will state the Record Date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2020 Bonds are to be redeemed, the distinctive numbers of the 2020 Bonds or portions of 2020 Bonds to be redeemed, and will also state that the interest on the 2020 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2020 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date.

Each notice of optional redemption may further state that such redemption will be conditioned upon the receipt by the Paying Agent, on or prior to the date fixed for redemption, of moneys sufficient to pay the principal of and premium, if any, and interest on such 2020 Bonds to be redeemed and that if such moneys have not been so received the notice will be of no force or effect and the City will not be required to redeem such 2020 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. Any such notice mailed will be conclusively presumed to have been duly given, whether or not the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2020 Bond will not affect the validity of the proceedings for redemption with respect to any other 2020 Bond.

In addition to the foregoing notice, further notice of such redemption will be given by the Bond Registrar to DTC and certain registered securities depositories and national information services as provided in the Bond Ordinance, but no defect in such further notice nor any failure to give all or any portion of such notice will in any manner affect the validity of a call for redemption if notice thereof is given as prescribed above and in the Bond Ordinance.

*For so long as a book–entry system is in effect with respect to the Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants or any failure of the Direct Participants or Indirect Participants to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of Bonds. See “THE 2020 BONDS—Book–Entry System” below.*

### **Registration and Transfer; Record Date**

In the event the book–entry system is discontinued, any 2020 Bond may, in accordance with its terms, be transferred, upon the registration books kept by the Bond Registrar, by the person in whose name it is registered, in person or by such owner’s duly authorized attorney, upon surrender of such 2020 Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Bond Registrar. No transfer will be effective until entered on the registration books kept by the Bond Registrar. Whenever any 2020 Bond is surrendered for transfer, the Bond Registrar will authenticate and deliver a new fully registered 2020 Bond or 2020 Bonds of the same series, designation, maturity and interest rate and of authorized denominations duly executed by the City, for a like aggregate principal amount.

The 2020 Bonds may be exchanged at the principal corporate office of the Bond Registrar for a like aggregate principal amount of fully registered 2020 Bonds of the same series, designation, maturity and interest rate of other authorized denominations.

For every such exchange or transfer of the 2020 Bonds, the Bond Registrar must make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer of the 2020 Bonds.

The Bond Registrar will not be required to transfer or exchange any 2020 Bond (a) after the Record Date with respect to any interest payment date to and including such interest payment date, or (b) after the Record Date with respect to any redemption of such 2020 Bond. The term “Record Date” means (i) with respect to each interest payment date, the day that is 15 days preceding such interest payment date, or if such day is not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and (ii) with respect to any redemption of any 2020 Bond such Record Date as is specified by the Bond Registrar in the notice of redemption, provided that such Record Date will be not less than 15 calendar days before the mailing of such notice of redemption.

The City, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each 2020 Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof (on the 2020 Bonds) and interest due thereon and for all other purposes whatsoever.

### Book–Entry System

DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered 2020 Bond certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a “fast agent” of DTC. See “APPENDIX D—BOOK–ENTRY SYSTEM” for a more detailed discussion of the book–entry system and DTC.

### Debt Service on the 2020 Bonds

<u>Payment Date</u>	<u>The 2020 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal</u>	<u>Interest</u>		
March 15, 2021.....	\$ 0.00	\$ 311,649.84	\$ 311,649.84	
September 15, 2021 .....	145,000.00	157,134.38	302,134.38	\$613,784.22
March 15, 2022.....	0.00	153,509.38	153,509.38	
September 15, 2022 .....	305,000.00	153,509.38	458,509.38	612,018.76
March 15, 2023.....	0.00	145,884.38	145,884.38	
September 15, 2023 .....	320,000.00	145,884.38	465,884.38	611,768.76
March 15, 2024.....	0.00	137,884.38	137,884.38	
September 15, 2024 .....	335,000.00	137,884.38	472,884.38	610,768.76
March 15, 2025.....	0.00	129,509.38	129,509.38	
September 15, 2025 .....	355,000.00	129,509.38	484,509.38	614,018.76
March 15, 2026.....	0.00	120,634.38	120,634.38	
September 15, 2026 .....	370,000.00	120,634.38	490,634.38	611,268.76
March 15, 2027.....	0.00	111,384.38	111,384.38	
September 15, 2027 .....	390,000.00	111,384.38	501,384.38	612,768.76
March 15, 2028.....	0.00	101,634.38	101,634.38	
September 15, 2028 .....	410,000.00	101,634.38	511,634.38	613,268.76
March 15, 2029.....	0.00	91,384.38	91,384.38	
September 15, 2029 .....	430,000.00	91,384.38	521,384.38	612,768.76
March 15, 2030.....	0.00	80,634.38	80,634.38	
September 15, 2030 .....	450,000.00	80,634.38	530,634.38	611,268.76
March 15, 2031.....	0.00	76,134.38	76,134.38	
September 15, 2031 .....	460,000.00	76,134.38	536,134.38	612,268.76
March 15, 2032.....	0.00	71,534.38	71,534.38	

**Debt Service on the 2020 Bonds—continued**

<u>Payment Date</u>	<u>The 2020 Bonds</u>		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal</u>	<u>Interest</u>		
September 15, 2032 .....	\$ 470,000.00	\$ 71,534.38	\$ 541,534.38	\$613,068.76
March 15, 2033.....	0.00	66,834.38	66,834.38	
September 15, 2033 .....	480,000.00	66,834.38	546,834.38	613,668.76
March 15, 2034.....	0.00	62,034.38	62,034.38	
September 15, 2034 .....	490,000.00	62,034.38	552,034.38	614,068.76
March 15, 2035.....	0.00	57,134.38	57,134.38	
September 15, 2035 .....	495,000.00	57,134.38	552,134.38	609,268.76
March 15, 2036.....	0.00	52,184.38	52,184.38	
September 15, 2036 .....	505,000.00 (1)	52,184.38	557,184.38	609,368.76
March 15, 2037.....	0.00	47,134.38	47,134.38	
September 15, 2037 .....	520,000.00 (1)	47,134.38	567,134.38	614,268.76
March 15, 2038.....	0.00	41,934.38	41,934.38	
September 15, 2038 .....	530,000.00	41,934.38	571,934.38	613,868.76
March 15, 2039.....	0.00	36,634.38	36,634.38	
September 15, 2039 .....	540,000.00	36,634.38	576,634.38	613,268.76
March 15, 2040.....	0.00	31,234.38	31,234.38	
September 15, 2040 .....	550,000.00	31,234.38	581,234.38	612,468.76
March 15, 2041.....	0.00	25,390.63	25,390.63	
September 15, 2041 .....	560,000.00	25,390.63	585,390.63	610,781.26
March 15, 2042.....	0.00	19,440.63	19,440.63	
September 15, 2042 .....	575,000.00	19,440.63	594,440.63	613,881.26
March 15, 2043.....	0.00	13,331.25	13,331.25	
September 15, 2043 .....	585,000.00	13,331.25	598,331.25	611,662.50
March 15, 2044.....	0.00	6,750.00	6,750.00	
September 15, 2044 .....	<u>600,000.00</u>	<u>6,750.00</u>	<u>606,750.00</u>	613,500.00
Totals .....	<u>\$10,870,000.00</u>	<u>\$3,829,115.68</u>	<u>\$14,699,115.68</u>	

(1) Mandatory sinking fund principal payments from a \$1,025,000 2.00% term bond due September 15, 2037.

(Source: Municipal Advisor.)

**SECURITY AND SOURCES OF PAYMENT**

The 2020 Bonds are general obligations of the City and the full faith, credit and resources of the City are pledged for the punctual payment of the principal of and interest on the 2020 Bonds. The 2020 Bonds are secured by ad valorem taxes to be levied against all taxable property within the City. More specifically, for the purpose of paying the principal of and interest on the 2020 Bonds as the same will become due, the City will levy on all taxable property located within the City, in addition to all other taxes, direct annual taxes sufficient in amount to provide for the payment of principal of and interest on the 2020 Bonds. The taxes, when collected, are required to be applied solely for the purpose of payment of principal and interest on the 2020 Bonds and for no other purpose.

The City may, subject to applicable laws, apply other funds available to make payments with respect to the 2020 Bonds and thereby reduce the amount of future tax levies for such purpose.

See “FINANCIAL INFORMATION REGARDING THE CITY OF KETCHUM, IDAHO—Property Tax Matters” below

## **Bond Fund for the 2020 Bonds**

The Bond Ordinance creates a bond fund for the deposit of revenues and disbursement of payments of debt service on the 2020 Bonds (the “Bond Fund”). In the Bond Ordinance, the City covenants to levy and collect property taxes sufficient, together with other funds, to pay debt service on the 2020 Bonds, to deposit such revenues into the Bond Fund and to use the funds on deposit in the Bond Fund for no other purpose than for payment of principal and interest on the 2020 Bonds as they become due.

The Idaho system of ad valorem tax collection and disbursement does not require counties to segregate tax collections dedicated to pay principal and interest on bonded indebtedness of political subdivisions from the other revenues the county collects on behalf of the political subdivision. The City maintains certain policies and internal controls to ensure that monies received from the County are properly allocated to their intended purposes, and that monies received from the bond levy are promptly deposited into the Bond Fund. The City also has policies and internal controls in place to prevent withdrawals from the Bond Fund for any purpose other than payment of principal and interest on the 2020 Bonds.

The Bond Ordinance pledges the revenues from the bond levy and all funds on deposit in the Bond Fund for the payment of principal and interest on the 2020 Bonds.

## **CITY OF KETCHUM, IDAHO**

### **General**

The City, incorporated in 1961, covers an area of approximately 3.1 square miles. Located in Blaine County, Idaho, the City is situated in central Idaho at the northern end of the Wood River Valley and the edge of the Sawtooth National Forest with the Big Wood River running through town. The City lies adjacent to the City of Sun Valley, known for its world-class mountain resort. The City had approximately 2,827 residents according to the 2018 Census estimate.

The primary functions performed by the City include public safety, community development, public improvements, planning and zoning, and general administrative services to its residents.

### **Form of Government**

Financial and administrative responsibility for management of the City is vested in a Council-Mayor form of government. The Mayor is elected to a four-year term. The City Council consists of four members elected by the voters of the City to serve four-year terms. The City Council acts through the passage of ordinances, resolutions, and motions. Specific regulatory and ordinance powers are granted by State statute. Public hearings are held as required for matters such as land use planning and budgets.

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Current members of the City Council and other officers of the City and their respective terms in office are as follows:

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor.....	Neil Bradshaw	2	January 1, 2022
Council President.....	Amanda Breen	2	January 1, 2022
Council Member .....	Michael David	8	January 1, 2024
Council Member .....	Courtney Hamilton	2	January 1, 2022
Council Member .....	Jim Slanetz	8	January 1, 2024
City Administrator .....	Suzanne Frick	5	Appointed
Director of Finance/Internal Services .....	Grant Gager	3	Appointed
City Clerk.....	Robin Crotty	4	Appointed

**Employee Workforce; No Post–Employment Benefits; Pension System**

*Employee Workforce.* The City employs approximately 61 full–time equivalent employees.

*No Post–Employment Benefits.* As of the date of this OFFICIAL STATEMENT, the City does not have any other post–employment benefits.

*Pension System.* The City is a member of the Idaho State Public Employees’ Retirement System (“PERSI”). PERSI is the administrator of a multiple employer cost–sharing defined benefit public employee retirement system. A retirement board (the “PERSI Board”), appointed by the governor and confirmed by the legislature, manages the system which includes selecting investment managers to direct the investment, exchange and liquidation of assets in the managed accounts and to establish policy for asset allocation and other investment guidelines. The PERSI Board is charged with the fiduciary responsibility of administering the plan.

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”), the Firefighters’ Retirement Fund, and the Judge’s Retirement Fund; two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k); and two Sick Leave Insurance Reserve Trust Funds, one for State employees and one for school district employers.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (ii) teachers working a half–time contract or greater; or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. On July 1, 2019, PERSI had 72,502 active members, 39,867 inactive members (of whom 13,536 are entitled to vested benefits), and 48,120 annuitants. As of July 1, 2019, there were 808 public employers participating in the PERSI Base Plan. Total membership in PERSI was 160,489.

As of July 1, 2019, PERSI’s actuarial value of assets total \$17,239.5 million and the actuarial liabilities funded by PERSI total \$18,661 million. This means that as of July 1, 2019 PERSI is 92.5% funded. Governmental Accounting Standards Board (“GASB”) Statement 25 (Reporting Standards for defined benefit pension plans) has replaced Projected Benefits Obligations as the measure of pension plan funding status. As required by GASB Statement 25, the PERSI Schedule of Funding Progress shows a Funded Ratio of 92.5% and an amortization period of 10.6 years for the PERSI Base Plan, based on contribution rates and scheduled increases established as of the valuation date. The Schedule of Employer Contributions shows that PERSI employers have contributed at least 100% of the Actuarially Required Contributions.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI's inception. Because of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the PERSI Board, at its October 2017 meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2019. The current contribution rates are shown below:

	Member		Employer	
	General/ Teacher	Fire/ Police	General/ Teacher	Fire/ Police
Contribution Rates (1).....	7.16%	8.81%	11.94%	17.28%

(1) Rate as of June 30, 2019.

(Source: PERSI 2019 CAFR for Fiscal Year 2019.)

The City reported a liability for its proportionate share of the net pension liability. The net pension liability is measured as of July 1 annually, and the total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of that date. The City's proportion of the net pension liability is 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. According to the Public Employees Retirement System of Idaho Base Plan Report, on June 30, 2019, the City's proportion was 0.08652 percent or \$1,126,984.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information and may be found at <http://www.persi.idaho.gov>. For a detailed discussion of PERSI and the City's contributions see "APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 12. EMPLOYEE RETIREMENT PLAN" (page A-31).

### **Risk Management and Cybersecurity**

*Risk Management.* The City manages its risks through the purchase of a general insurance coverage policy for public entities through the Idaho Counties Risk Management Program (ICRMP), a program that is the primary source of property and casualty loss protection for Idaho local governments including counties, cities, and special purpose districts. As of the date of this OFFICIAL STATEMENT, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides. See "APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 10. RISK MANAGEMENT" (page A-30).

*Cybersecurity.* The City's insurance through ICRMP covers cybersecurity. The City has implemented policy measures to help offset any financial risks that may result from a cybersecurity breach. As with all risks to which the City is exposed, loss or breach can result in legal and/or regulatory claims. The City's comprehensive insurance policies are in place to protect the City in those circumstances.

### **Investment of Funds**

The City has a formal investment policy, approved on January 20, 1998, as Resolution No. 681. Additionally, the City's investment policy is governed by Idaho Code, Chapter 12 of Title 67, which provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. City procedures are consistent with the Idaho Code. The Code limits investments to the following general types: (i) certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of State and local governmental entities; (ii) time deposits accounts and tax anticipation

and interest-bearing notes; (iii) bonds, treasury bills, debentures or other similar obligations issued or guaranteed by agencies or instrumentalities of the government of the State of Idaho or the United States; and (iv) repurchase agreements.

Local governments, including the City, are also authorized to invest in the Local Government Investment Pool (“LGIP”), which is managed by the Idaho State Treasurer’s Office. Information on the LGIP investments is available from the Idaho State Treasurer. The City does invest in the LGIP.

Investments are stated at cost, except for investments in the deferred compensation agency fund, which are reported at market value. Interest income on such investments is recorded as earned in the General Fund of the City unless otherwise specified by law. For additional detail regarding the City’s investment policy, see also “APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019—Note 2. CASH AND CASH DEPOSITS” (page A–24).

## DEMOGRAPHIC INFORMATION

### Population

	<u>City</u>	% Change from Prior Period	<u>County</u>	% Change from Prior Period
2018 Estimate.....	2,827	5.1%	22,601	5.7%
2010 Census.....	2,689	(10.5)	21,376	12.6
2000 Census.....	3,003	19.0	18,991	40.1
1990 Census.....	2,523	14.7	13,552	37.7
1980 Census.....	2,200	51.3	9,841	71.2
1970 Census.....	1,454	94.9	5,749	25.0

(Source: U.S. Department of Commerce, Bureau of the Census.)

### Economic Indicators of the County

#### Per Capita, Total Personal Income and Median Income

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Per Capita Income (1)</b>					
Blaine County .....	\$113,780	\$107,468	\$92,495	\$92,402	\$86,255
% change from prior year .....	5.9	9.3	2.5	9.5	8.2
State of Idaho .....	43,901	42,094	39,470	38,848	37,186
% change from prior year .....	4.3	6.6	1.6	4.5	4.1
<b>Total Personal Income (1)</b>					
Blaine County (\$ in thousands).....	\$2,571,549	\$2,394,060	\$2,161,559	\$2,076,031	\$1,880,615
% change from prior year .....	7.4	10.8	4.1	10.4	8.9
State of Idaho (\$ in millions) .....	77,012	72,355	68,445	65,825	61,827
% change from prior year .....	6.4	5.7	4.0	6.5	5.5
<b>Median Income (2)</b>					
Blaine County .....	\$76,113	\$68,101	\$66,210	\$65,272	\$63,490
% change from prior year .....	11.8	2.9	1.4	2.8	(6.5)
State of Idaho .....	55,524	52,280	51,647	48,311	47,572
% change from prior year .....	6.2	1.2	6.9	1.6	2.0

(1) Source: Bureau of Economic Analysis, U.S. Department of Commerce.

(2) Source: U.S. Census Bureau.

## Largest Employers

The following is a list of the largest employers in the County:

<u>Firm/Location</u>	<u>Business</u>	<u>Employees</u>
Sun Valley Resort .....	Mountain resort facilities	1,000–2,000
Blaine County School District .....	Education	500–750
Atkinsons Market.....	Supermarkets and other grocery	250–500
Power Engineers .....	Engineering services	250–500
St. Luke’s Wood River Medical Center.....	General medicinal and surgical hospital	250–500
Albertson’s Grocery.....	Supermarkets and other grocery	100–250
Blaine County .....	Local government	100–250
Community School .....	Educational services	100–250
IEG Zenergy LLC .....	Fitness and recreational sports center	100–250
Ketchum, City of.....	Local Government	100–250
Webb Landscaping.....	Administrative support and waste mgmt.	100–250
Aspen Skiing Company aka Four Mtn. Sports ..	Leisure and hospitality	50–100
Rocky Mountain Hardware.....	Hardware merchant wholesaler	50–100
The Valley Club.....	Leisure and hospitality	50–100
Wood River Community YMCA.....	Leisure and hospitality	50–100

(Source: Q1 2018-Q3 2019 average; Quarterly Census of Employment & Wages, Idaho Department of Labor.)

## Labor Market Data of the County and Employment by Industry

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total civilian work force.....	12,323	12,277	11,825	11,816	11,456
Unemployed.....	291	311	317	424	515
Percent of labor force unemployed.....	2.4	2.5	3.1	3.6	4.5
Total employment.....	12,032	11,966	11,454	11,391	10,941
Total covered wages .....	13,027	12,946	12,449	12,388	11,912
Agriculture .....	118	127	117	115	127
Mining.....	30	26	–	–	–
Construction.....	1,775	1,685	1,500	1,563	1,293
Manufacturing.....	385	417	417	438	428
Trade, Utilities, and Transportation.....	1,930	1,935	1,923	1,892	1,859
Information .....	192	158	160	161	146
Financial activities .....	636	644	574	550	563
Professional and Business Services .....	1,582	1,615	1,587	1,572	1,481
Educational and Health Services.....	1,190	1,132	1,091	1,042	1,069
Leisure and Hospitality .....	3,330	3,327	3,211	3,117	3,031
Other Services.....	536	468	440	451	454
Government.....	1,322	1,411	1,420	1,449	1,461

(Source: Idaho Department of Labor.)

**Construction Value of the City**

Year	Permits Issued	New Residential Value	New Non-Residential Value	Repairs/ Additions/ Remodel	Total Construction Value
2019.....	128	\$34,662,565	\$ 3,800,000	\$18,223,558	\$56,686,123
2018.....	108	9,090,137	20,262,879	17,079,008	46,432,024
2017.....	129	7,563,690	8,386,750	15,188,343	31,138,783
2016.....	107	41,146,296	31,600,000	9,956,867	83,850,719
2015.....	103	12,372,766	31,750,000	7,853,241	51,976,007

(Source: The City of Ketchum Construction Activity Report.)

**Rate of Unemployment—Annual Average**

Year	The County (1)	State of Idaho (1)	United States
2019 (2).....	2.6%	2.9%	3.5%
2018 .....	2.4	2.8	3.9
2017 .....	2.5	3.2	4.4
2016 .....	3.1	3.8	4.9
2015 .....	3.6	4.2	5.3
2014 .....	4.5	4.9	6.2

(1) Source: State of Idaho Department of Labor.

(2) Preliminary; subject to change. As of November 2019 only; seasonally adjusted.

(Source: U.S Bureau of Labor Statistics.)

**DEBT STRUCTURE OF THE CITY OF KETCHUM, IDAHO**

**Outstanding Municipal Debt**

**Outstanding General Obligation Bonded Indebtedness**

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2020 (1) .....	Fire station	\$10,870,000	September 15, 2044	\$10,870,000
2007 (2).....	Equipment	1,555,000	August 1, 2021	<u>280,000</u>
Total outstanding general obligation debt .....				<u>\$11,150,000</u>

(1) For purposes of this OFFICIAL STATEMENT, the 2020 Bonds will be considered issued and outstanding. Rated “Aa2” by Moody’s Investors Service (“Moody’s”) as of the date of this OFFICIAL STATEMENT.

(2) Not rated; no rating applied for. These bonds were privately purchased.

(Source: Municipal Advisor.)

**Outstanding Water Revenue Bonded Indebtedness**

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2016 (1).....	Refunding	\$1,697,000	September 15, 2027	\$1,268,000
2015B (2) .....	Refunding	2,310,000	September 15, 2034	<u>2,230,000</u>
Total outstanding water revenue debt.....				<u>\$3,498,000</u>

- (1) Not rated. No rating applied for. These bonds were privately placed.
- (2) These bonds were issued through Idaho Bond Bank Authority and are payable from the net revenues pledge of the City’s water system and sales tax intercept. The Idaho Bond Bank Authority is rated “Aa1” by Moody’s as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

**Outstanding Wastewater Revenue Bonded Indebtedness**

<u>Series</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2014 (1).....	Refunding	\$1,950,000	September 15, 2025	<u>\$1,315,000</u>

- (1) These bonds were issued through Idaho Bond Bank Authority and are payable from the net revenues pledge of the City’s sewer system and sales tax intercept. The Idaho Bond Bank Authority is rated “Aa1” by Moody’s as of the date of this OFFICIAL STATEMENT.

(Source: Municipal Advisor.)

**Future Issuance of Debt; Other Financial Considerations**

*Future issuance of debt.* Other than the issuance of the 2020 Bonds (and any refunding opportunities) the City does not anticipate the issuance of any other general obligation debt within the next three years; however, the City reserves the right to issue any bonds or other obligations as its capital needs may require.

*Other Financial Considerations.* The City has also entered into a capital lease agreement for financing its capital equipment needs. As of Fiscal Year 2019, the present value of the minimum lease payments of the City’s capital leases totals \$709,069, with annual payments, subject to appropriation, scheduled through Fiscal Year 2034. See “APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note 5. Capital Leases” (page A–28).

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**Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year**

Fiscal Year Ending September 30	\$10,870,000 Series 2020		\$1,550,000 Series 2007		<b>Totals</b>		
	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2019.....	\$ 0	\$ 0	\$ 131,000	\$ 18,007	\$ 131,000	\$ 18,007	\$ 149,007
2020.....	0	0	137,000	12,336	137,000	12,336	149,336
2021.....	145,000	468,784	143,000	6,335	288,000	475,119	763,119
2022.....	305,000	307,019	–	–	305,000	307,019	612,019
2023.....	320,000	291,769	–	–	320,000	291,769	611,769
2024.....	335,000	275,769	–	–	335,000	275,769	610,769
2025.....	355,000	259,019	–	–	355,000	259,019	614,019
2026.....	370,000	241,269	–	–	370,000	241,269	611,269
2027.....	390,000	222,769	–	–	390,000	222,769	612,769
2028.....	410,000	203,269	–	–	410,000	203,269	613,269
2029.....	430,000	182,769	–	–	430,000	182,769	612,769
2030.....	450,000	161,269	–	–	450,000	161,269	611,269
2031.....	460,000	152,269	–	–	460,000	152,269	612,269
2032.....	470,000	143,069	–	–	470,000	143,069	613,069
2033.....	480,000	133,669	–	–	480,000	133,669	613,669
2034.....	490,000	124,069	–	–	490,000	124,069	614,069
2035.....	495,000	114,269	–	–	495,000	114,269	609,269
2036.....	505,000 (1)	104,369	–	–	505,000	104,369	609,369
2037.....	520,000 (1)	94,269	–	–	520,000	94,269	614,269
2038.....	530,000	83,869	–	–	530,000	83,869	613,869
2039.....	540,000	73,269	–	–	540,000	73,269	613,269
2040.....	550,000	62,469	–	–	550,000	62,469	612,469
2041.....	560,000	50,781	–	–	560,000	50,781	610,781
2042.....	575,000	38,881	–	–	575,000	38,881	613,881
2043.....	585,000	26,663	–	–	585,000	26,663	611,663
2044.....	600,000	13,500	–	–	600,000	13,500	613,500
<b>Totals.....</b>	<b>\$ 10,870,000</b>	<b>\$ 3,829,116</b>	<b>\$ 411,000</b>	<b>\$ 36,678</b>	<b>\$ 11,281,000</b>	<b>\$ 3,865,794</b>	<b>\$ 15,146,794</b>

(1) Mandatory sinking fund principal payments from a \$1,025,000 2.00% term bond due September 15, 2037.

(Source: Municipal Advisor.)

**Debt Service Schedule of Outstanding Water Revenue Bonds By Fiscal Year**

Fiscal Year Ending September 30	\$1,697,000		\$2,310,000		<b>Totals</b>		
	Series 2016		Series 2015B		Total	Total	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2019.....	\$ 143,000	\$ 24,551	\$ 30,000	\$ 110,075	\$ 173,000	\$ 134,626	\$ 307,626
2020.....	145,000	22,064	30,000	109,475	175,000	131,539	306,539
2021.....	151,000	19,540	30,000	108,575	181,000	128,115	309,115
2022.....	152,000	16,912	30,000	107,675	182,000	124,587	306,587
2023.....	157,000	14,269	30,000	106,475	187,000	120,744	307,744
2024.....	162,000	11,537	30,000	105,500	192,000	117,037	309,037
2025.....	162,000	8,717	35,000	104,000	197,000	112,717	309,717
2026.....	166,000	5,899	35,000	102,250	201,000	108,149	309,149
2027.....	173,000	3,010	30,000	100,500	203,000	103,510	306,510
2028.....	—	—	255,000	99,000	255,000	99,000	354,000
2029.....	—	—	270,000	86,250	270,000	86,250	356,250
2030.....	—	—	285,000	72,750	285,000	72,750	357,750
2031.....	—	—	295,000	58,500	295,000	58,500	353,500
2032.....	—	—	310,000	43,750	310,000	43,750	353,750
2033.....	—	—	330,000	28,250	330,000	28,250	358,250
2034.....	—	—	235,000	11,750	235,000	11,750	246,750
Totals.....	<u>\$ 1,411,000</u>	<u>\$ 126,499</u>	<u>\$ 2,260,000</u>	<u>\$ 1,354,775</u>	<u>\$ 3,671,000</u>	<u>\$ 1,481,274</u>	<u>\$ 5,152,274</u>

(Source: Municipal Advisor.)

**Debt Service Schedule of Outstanding Wastewater Revenue Bonds By Fiscal Year**

Fiscal Year Ending September 30	\$1,950,000		Total
	Principal	Interest	Debt Service
2019.....	\$ 185,000	\$ 71,300	\$ 256,300
2020.....	195,000	65,750	260,750
2021.....	205,000	56,000	261,000
2022.....	215,000	45,750	260,750
2023.....	220,000	35,000	255,000
2024.....	230,000	24,000	254,000
2025.....	250,000	12,500	262,500
Totals.....	<u>\$ 1,500,000</u>	<u>\$ 310,300</u>	<u>\$ 1,810,300</u>

(Source: Municipal Advisor.)



## Overlapping and Underlying General Obligation Debt

<u>Taxing Entity</u>	<u>2019 Taxable Value (1)</u>	<u>City's Portion of Tax- able Value</u>	<u>City's Per- centage</u>	<u>Entitiy's G.O. Debt (1)</u>	<u>City's Portion of G.O. Debt</u>
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### Overlapping:

Blaine County .....	\$10,625,527,428	\$3,142,872,142	29.6%	\$5,090,000	<u>\$1,506,640</u>
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### Underlying:

Total underlying .....					<u>0</u>
Total overlapping and underlying general obligation debt .....					\$ 1,506,640
Total direct general obligation bonded indebtedness.....					<u>11,150,000</u>
Total direct and overlapping general obligation debt .....					<u>\$12,656,640</u>

This table excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding.

(1) Taxing entity's general obligation debt includes all bonds backed by a general obligation pledge including self-supporting general obligation bonds and limited tax debt.

## Debt Ratios

The following table sets forth the ratios of general obligation debt (excluding any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding) that is expected to be paid from taxes levied specifically for such debt and not from other revenues over the taxable value of property within the City, the estimated market value of such property and the population of the City. *The State's general obligation debt is not included in the debt ratios because the State currently levies no property tax for payment of general obligation debt.*

	<u>To 2019 Taxable Value (1)</u>	<u>To 2019 Market Value (2)</u>	<u>To 2018 Population Estimate Per Capita (3)</u>
Direct general obligation debt.....	0.35%	0.35%	\$3,944
Direct and overlapping general obligation debt.....	0.40	0.39	4,477

(1) Based on a 2019 Taxable Value of \$3,142,872,142, which excludes urban renewal area ("URA") value.

(2) Based on a 2019 Market Value of \$3,229,727,655, which excludes URA value.

(3) Based on 2018 Census of 2,827 by the U.S. Census Bureau.

See "FINANCIAL INFORMATION REGARDING THE CITY OF KETCHUM, IDAHO—Taxable Value of Property" below.

## General Obligation Legal Debt Limit and Additional Debt Incurring Capacity

Section 50–1019, Idaho Code, establishes limits on voter–approved general obligation debt for Idaho cities to an amount not to exceed 2% of the taxable value for assessment purposes, less the aggregate outstanding voter–approved general obligation bond indebtedness. The legal debt limit and additional debt incurring capacity of the City are based on the taxable value for 2019, and are calculated as follows:

2019 Taxable Value (1).....	<u>\$3,437,767,748</u>
“Taxable Value” times 2% equals the “Debt Limit” .....	\$68,755,355
Less: current outstanding general obligation debt.....	<u>(11,150,000)</u>
Estimated additional debt incurring capacity .....	<u>\$57,605,355</u>

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(1) Includes URA value.

(Source: Municipal Advisor.)

### No Defaulted Obligations

The City has never failed to pay principal of and interest on any of its financial obligations when due.

## FINANCIAL INFORMATION REGARDING THE CITY OF KETCHUM, IDAHO

### Fund Structure; Accounting Basis

The government–wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources management focus and modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes available if they are collected within 30 days after year end. A 90–day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

## **Budget and Budgetary Process**

As required by Idaho Code Section 50–1002, the City Council shall, prior to passing the annual appropriation ordinance, prepare a budget estimating the revenues and expenditures for the ensuing fiscal year. After proper publication, a public hearing is held for any interested person to appear and show cause why such proposed budget should or should not be adopted.

City Council may amend the budget during the fiscal year by following the same procedure as used in adopting the original appropriation ordinance. However, in order to amend the budget to a greater amount than originally adopted, additional revenue must accrue to the City equal to the proposed expenditures.

## **Sources of General Fund Revenues**

Set forth below are brief descriptions of the various sources of revenues available to the City’s general fund. The percentage of total general fund revenues represented by each source is based on the City’s Fiscal Year 2019 period (total general fund revenues were \$10,158,694).

*Property Taxes*—Approximately 42% (or \$4,292,095) of general fund revenues are from property taxes, including interest on delinquent taxes.

*Fees and Charges for Services*—Approximately 32% (or \$3,291,704) of general fund revenues are from fees and charges for services.

*State of Idaho Shared Revenue*—Approximately 16% (or \$1,584,669) of general fund revenues are from State shared revenues, including general revenue, liquor receipts, highway user collections, and State sales tax.

*Franchises, Licenses, and Permits*—Approximately 7% (or \$702,952) of general fund revenues are from franchises, licenses, and permits.

*County Court and Parking Fines*—Approximately 1% (or \$99,080) of general fund revenues are collected from county court and parking fines.

*Earnings on Investments*—Approximately 1% (or \$81,545) of general fund revenues are collected from earnings on investments.

*Miscellaneous and Reimbursements*—Approximately 1% (or \$81,096) of general fund revenues are miscellaneous and reimbursement revenue.

*Penalties/Interest on Property Taxes; Proceeds from Sales of Assets*—Less than 1% (or \$25,553) of general fund revenues are collected penalties/interest on property taxes and from proceeds from sales of assets.

## **Financial Summaries**

The summaries contained herein were extracted from the City’s audited financial reports. The summaries themselves have not been unaudited.

The administration of the City prepared a narrative discussion, overview, and analysis of the financial activities of the City for Fiscal Year 2019. See “APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019—Management’s Discussion and Analysis” (after the Independent Auditor’s Report).

# City of Ketchum, Idaho

## Statement of Net Position Primary Government

(This summary has not been audited)

	As of September 30				
	2019	2018	2017	2016	2015
Assets and deferred outflows of resources					
Assets					
Cash and deposits.....	\$ 10,247,322	\$ 9,704,570	\$ 10,211,611	\$ 8,840,199	\$ 4,545,528
Accounts receivables & prepaid expenses.....	51,762	54,498	56,937	13,594	30,180
Taxes receivable.....	270,771	237,022	236,717	220,307	294,987
Due from other governments.....	455,901	430,376	424,162	401,351	427,098
Restricted cash.....	502,506	475,755	362,242	568,564	657,110
Other assets.....	2,026	2,217	–	–	–
Totals.....	<u>11,530,288</u>	<u>10,904,438</u>	<u>11,291,669</u>	<u>10,044,015</u>	<u>5,954,903</u>
Capital assets					
Land .....	8,824,418	8,824,418	4,363,269	4,363,269	4,363,269
Construction in progress.....	240,196	524,626	122,216	36,043	36,043
Infrastructure.....	2,839,118	2,349,090	1,384,809	1,384,809	1,322,932
Buildings and improvements.....	35,556,115	34,124,116	30,776,517	30,653,702	30,626,306
Vehicles and equipment.....	9,126,786	8,108,298	7,590,383	8,110,116	7,965,924
Accumulated depreciation.....	(23,586,417)	(21,481,828)	(20,535,543)	(20,936,454)	(20,098,221)
Total capital assets.....	<u>33,000,216</u>	<u>32,448,720</u>	<u>23,701,651</u>	<u>23,611,485</u>	<u>24,216,253</u>
Total assets.....	<u>44,530,504</u>	<u>43,353,158</u>	<u>34,993,320</u>	<u>33,655,500</u>	<u>30,171,156</u>
Deferred outflows of resources					
Pension activity.....	146,717	206,161	230,585	885,173	589,232
Total assets and deferred outflows of resources....	<u>\$ 44,677,221</u>	<u>\$ 43,559,319</u>	<u>\$ 35,223,905</u>	<u>\$ 34,540,673</u>	<u>\$ 30,760,388</u>
Liabilities, deferred inflows of resources and net position					
Liabilities					
Accounts and interest payable.....	125,516	129,752	74,576	191,219	140,374
Long-term liabilities					
Portion due or payable within on year .....	546,955	489,000	473,000	435,000	441,000
Portion due or payable after one year:					
Bonds payable.....	5,255,114	5,093,000	5,587,000	6,085,000	6,688,000
Unamortized bond discount.....	(28,650)	(31,881)	(35,202)	(38,343)	–
Unamortized bond premium.....	281,358	301,978	320,821	339,190	347,729
Net pension liability.....	987,602	1,179,132	1,361,816	1,739,214	1,171,806
Compensated absences.....	379,594	234,495	163,786	176,883	186,805
Total liabilities.....	<u>7,547,489</u>	<u>7,395,476</u>	<u>7,945,797</u>	<u>8,928,163</u>	<u>8,975,714</u>
Deferred inflows of resources					
From pension activities.....	452,841	185,709	204,281	568,830	755,831
Total deferred inflows of resources.....	<u>452,841</u>	<u>185,709</u>	<u>204,281</u>	<u>568,830</u>	<u>755,831</u>
Net position					
Net investment in capital assets.....	26,945,439	26,596,623	17,356,032	16,790,638	16,739,524
Restricted for:					
Debt service.....	212,000	212,000	212,000	388,274	557,948
Other purposes.....	290,506	263,755	150,242	180,290	99,162
Unrestricted.....	<u>9,228,946</u>	<u>8,905,756</u>	<u>9,355,553</u>	<u>7,684,478</u>	<u>3,632,209</u>
Total net position.....	<u>36,676,891</u>	<u>35,978,134</u>	<u>27,073,827</u>	<u>25,043,680</u>	<u>21,028,843</u>
Total liabilities, deferred inflows of resources and net position.....	<u>\$ 44,677,221</u>	<u>\$ 43,559,319</u>	<u>\$ 35,223,905</u>	<u>\$ 34,540,673</u>	<u>\$ 30,760,388</u>

(Source: Information taken from the City's audited financial statements, compiled by the Municipal Advisor.)

# City of Ketchum, Idaho

## Statement of Activities

### Total Primary Government

(This summary has not been audited)

	Net (Expense) Revenue and Changes in Net Assets (1)				
	Fiscal Year Ended September 30				
	2019	2018	2017	2016	2015
Governmental activities					
General government.....	\$ (1,978,964)	\$ 3,288,709	(1,750,877)	\$ (1,172,819)	\$ (1,107,875)
Public Protection:					
Public safety.....	(4,709,404)	(3,521,555)	(2,410,771)	(2,598,824)	(3,068,823)
Streets.....	(2,123,215)	(1,509,475)	(1,857,211)	(1,315,945)	(1,391,749)
Parks and recreation.....	(473,134)	(330,173)	(474,917)	(382,447)	(852,861)
Transportation.....	(3,172,440)	(3,083,953)	(2,772,833)	(2,823,892)	(2,266,522)
Affordable housing.....	109,760	(70,000)	(70,000)	(70,000)	(12,000)
Interest on long-term debt.....	(18,008)	(23,400)	(28,898)	(33,631)	(37,644)
Unallocated depreciation expense.....	-	-	(390,035)	(317,029)	(324,425)
Total governmental activities.....	<u>(12,365,405)</u>	<u>(5,249,847)</u>	<u>(9,755,542)</u>	<u>(8,714,587)</u>	<u>(9,061,899)</u>
Business type activities					
Water.....	538,229	426,571	667,401	233,375	154,222
Wastewater.....	693,749	437,203	116,093	306,266	445,725
Interest on long-term debt.....	(200,176)	(212,042)	(219,043)	(283,125)	(260,445)
Total business type activities.....	<u>1,031,802</u>	<u>651,732</u>	<u>564,451</u>	<u>256,516</u>	<u>339,502</u>
Total city.....	<u>(11,333,603)</u>	<u>(4,598,115)</u>	<u>(9,191,091)</u>	<u>(8,458,071)</u>	<u>(8,722,397)</u>
Changes in net position					
General revenues					
Property taxes.....	4,292,095	4,135,397	3,961,077	3,839,087	3,700,563
Local option sales tax.....	4,973,422	4,643,332	4,401,347	4,041,716	3,893,798
Franchise, licenses, permits.....	971,701	1,239,003	1,055,252	2,973,012	1,034,170
State of Idaho revenue sharing.....	966,466	954,367	908,254	857,994	830,033
State of Idaho sales tax.....	102,535	96,317	90,168	87,447	83,776
State of Idaho liquor receipts.....	381,349	369,662	343,611	311,194	282,132
State of Idaho highway user collections.....	134,319	128,457	127,271	126,579	94,738
Penalty and interest on property taxes.....	13,801	12,694	10,657	22,976	12,442
County court fines.....	99,080	25,998	26,908	42,248	34,501
Gain (loss) on sale of assets.....	(96,630)	1,352,614	-	-	-
Earnings on investments.....	230,484	177,421	89,056	44,978	20,235
Miscellaneous.....	81,396	174,806	105,048	201,603	19,415
Amortization of bond premium.....	20,619	18,843	18,369	8,539	474
Amortization of bond discount.....	(3,231)	(3,321)	3,140	-	-
Gain (loss) on pension activities.....	(135,046)	176,831	87,360	(84,466)	66,669
Total general revenues and transfers....	<u>12,032,360</u>	<u>13,502,421</u>	<u>11,221,238</u>	<u>12,472,907</u>	<u>10,072,946</u>
Change in net position.....	698,757	8,904,306	2,030,147	4,014,836	1,350,549
Net position—beginning.....	35,978,134	27,073,828	25,043,680	21,028,844	21,254,558
Prior period adjustment.....	-	-	-	-	(1,576,264)
Net position—ending.....	<u>\$ 36,676,891</u>	<u>\$ 35,978,134</u>	<u>\$ 27,073,827</u>	<u>\$ 25,043,680</u>	<u>\$ 21,028,843</u>

(1) This report is presented in summary format concerning the single item of “Net (Expense) Revenue and Changes in Net Assets” and is not intended to be complete.

(Source: Information taken from the City’s audited financial statements, compiled by the Municipal Advisor.)

## City of Ketchum, Idaho

### Balance Sheet—Governmental Fund Types

#### General Fund

(This summary has not been audited)

	<b>Fiscal Year Ended September 30</b>				
	2019	2018	2017	2016	2015
<b>Assets</b>					
Cash and deposits.....	\$ 3,041,390	\$ 2,699,843	\$ 2,887,659	\$ 3,093,746	2,635,190
Taxes receivable.....	26,473	28,255	24,384	24,786	60,786
Accounts receivable.....	2,026	2,217			
Due from other governments.....	395,668	391,212	379,727	362,245	328,599
<b>Total assets.....</b>	<b>\$ 3,465,557</b>	<b>\$ 3,121,527</b>	<b>\$ 3,291,770</b>	<b>\$ 3,480,777</b>	<b>\$ 3,024,575</b>
<b>Liabilities</b>					
Accounts payable.....					
<b>Total liabilities.....</b>	<b>60,723</b>	<b>77,883</b>	<b>5,088</b>	<b>–</b>	<b>–</b>
<b>Fund balances</b>					
Unassigned—general fund.....	3,404,834	2,952,292	3,196,751	3,391,582	1,684,302
Assigned.....	–	91,352	89,931	89,195	1,340,273
<b>Total fund balance.....</b>	<b>3,404,834</b>	<b>3,043,644</b>	<b>3,286,682</b>	<b>3,480,777</b>	<b>3,024,575</b>
<b>Total liabilities and fund balance.....</b>	<b>\$ 3,465,557</b>	<b>\$ 3,121,527</b>	<b>\$ 3,291,770</b>	<b>\$ 3,480,777</b>	<b>\$ 3,024,575</b>

(Source: Information taken from the City’s audited financial statements, compiled by the Municipal Advisor.)

## City of Ketchum, Idaho

### Statement of Revenues, Expenditures, and Changes in Fund Balance

#### Governmental Fund Types—General Fund

(This summary has not been audited)

	<b>Fiscal Year Ended September 30</b>				
	2019	2018	2017	2016	2015
<b>Revenues</b>					
Property taxes.....	\$ 4,292,095	\$ 4,135,397	\$ 3,961,077	\$ 3,839,087	\$ 3,700,563
Franchise fees.....	702,952	960,223	989,228	932,492	778,383
State of Idaho revenue sharing.....	966,466	954,367	908,254	857,994	830,033
State of Idaho sales tax.....	102,535	96,317	90,168	87,447	83,776
State of Idaho liquor receipts.....	381,349	369,662	343,611	311,194	282,132
State of Idaho highway user collections.....	134,319	128,457	127,271	126,579	94,738
Penalty and interest on property taxes.....	13,801	12,694	10,657	22,976	12,442
County court fines.....	99,080	25,998	26,908	42,248	34,501
Fees and charges for services.....	3,291,704	3,327,107	3,123,119	2,073,073	2,120,703
Proceeds from the sale of assets.....	11,752	–	–	–	–
Grants and contributions.....	–	6,271	57,500	3,605	3,000
Earnings on investments.....	81,545	56,490	30,780	20,550	9,993
Miscellaneous.....	81,096	72,930	29,348	122,003	19,407
<b>Total revenues.....</b>	<b>10,158,694</b>	<b>10,145,913</b>	<b>9,697,921</b>	<b>8,439,248</b>	<b>7,969,671</b>
<b>Expenditures</b>					
General government.....	4,167,474	3,859,516	3,545,582	2,585,456	1,901,376
Public safety.....	3,925,212	3,727,835	3,355,526	3,322,996	3,424,325
Streets.....	1,987,424	1,470,612	1,792,080	1,413,715	1,402,882
Parks and recreation.....	467,643	485,810	539,788	556,392	1,023,440
<b>Total expenditures.....</b>	<b>10,547,753</b>	<b>9,543,773</b>	<b>9,232,976</b>	<b>7,878,559</b>	<b>7,752,023</b>
Excess of revenues over (under) expenditures....	(389,059)	602,140	464,945	560,689	217,648
<b>Other financing sources (uses)</b>					
Operating transfers from other funds.....	1,164,256	1,341,110	1,141,892	1,061,556	595,359
Operating transfers to other funds.....	(414,007)	(2,186,288)	(1,800,932)	(523,889)	(203,145)
<b>Total other financing sources (uses).....</b>	<b>750,249</b>	<b>(845,178)</b>	<b>(659,040)</b>	<b>537,667</b>	<b>392,214</b>
Net change in fund balance.....	361,190	(243,038)	(194,095)	1,098,356	609,862
Fund balance at beginning of year.....	3,043,644	3,286,682	3,480,777	2,382,421	2,414,713
Fund balance at end of year.....	<b>\$ 3,404,834</b>	<b>\$ 3,043,644</b>	<b>\$ 3,286,682</b>	<b>\$ 3,480,777</b>	<b>\$ 3,024,575</b>

(Source: Information taken from the City's audited financial statements, compiled by the Municipal Advisor.)

## Property Tax Matters

*Tax Levy Procedure.* The City’s tax levy is certified to the board of county commissioners in September and taxes are due and payable one-half on December 20th and one-half on June 20th of the following calendar year. The County Treasurer disburses tax receipts to the City approximately one month after the statutory payable dates.

*Ad Valorem Tax Limitation.* Idaho Code Section 63–802 provides that no taxing district may certify a budget request for an amount of ad valorem tax revenues (excluding revenue from levies that are voter-approved for bonds, override levies, or supplemental levies) to finance an annual budget that exceeds the greater of (i) the dollar amount of ad valorem taxes certified for its annual budget for any one of the preceding three years, increased by a growth factor of not to exceed three (3) percent plus the amount of revenue that would have been generated by applying the levy of the previous year to any increase in market value subject to taxation resulting from new construction; or (ii) the dollar amount of ad valorem taxes certified for its annual budget during the last year in which a levy was made; or (iii) the dollar amount of the actual budget request, if the taxing district is newly created; or (iv) in the case of school districts, the restriction imposed in Section 33–802, Idaho Code. The statute further provides that a board of county commissioners may set a levy that exceeds the limitation above if it has been approved by a majority of the taxing district’s electors voting on the question at an election called for that purpose. The State Tax Commission must receive the resolution that has been adopted formally by the taxing district requesting the estimated ad valorem tax increase resulting from the budget request as certified in dollars to the board of county commissioners or in the case of county budgets, to the State Tax Commission, in accordance with specific procedures.

***The limitation on the amount of property tax revenues to finance an annual budget does not include revenue from levies that are voter approved for bonds, override levies or supplemental levies.***

Ad valorem taxes, including delinquent taxes and penalties, are collected by the Treasurer of the County and are remitted to the City during the month following collection.

### Direct and Overlapping Tax Rates of the City

	Tax Rate (Fiscal Year) (1)				
	2019	2018	2017	2016	2015
<b>Direct Tax Rates:</b>					
The City .....	<u>.001409946</u>	<u>.001421020</u>	<u>.001417901</u>	<u>.001408837</u>	<u>.001411947</u>
<b>Overlapping Rates:</b>					
The County .....	.001116632	.001142941	.001160382	.001145283	.001157151
Ambulance.....	.000212437	.000216912	.000219701	.000216114	.000216587
Recreation.....	.000136563	.000139446	.000141238	.000138935	.000139246
School District No. 61 .....	.003562482	.003803070	.004010731	.004090400	.004242661
Ketchum Cemetery District .....	.000011691	.000011854	.000011885	.000011642	.000011644
Big Wood Flood Control #9 .....	<u>.000010832</u>	<u>.000011053</u>	<u>.000011206</u>	<u>.000011446</u>	<u>.000012036</u>
Total Direct and Overlapping Tax Rate (2) .....	<u>.006460581</u>	<u>.006746296</u>	<u>.006973044</u>	<u>.007022657</u>	<u>.007191272</u>

(1) These tax rates represent a taxing district within the City with the highest combined total tax rates of all overlapping taxing districts.

(2) Includes total City tax rate.

(Source: The Office of the County Treasurer; compiled by the Municipal Advisor.)



## Taxable Value of Property

The County Assessor annually assign “valuation of market value for assessment purposes” to all taxable real and personal property within the County. The following table shows the history of the values for the City during the last five years:

Tax Year	Full Market Value (1) (2)	% Change	Homeowner’s Exemption	Taxable Assessed Value (2) (3)	% Change	URA Value (4)
2019.....	\$3,524,623,261	5.7	\$86,855,513	\$3,437,767,748	5.8	\$294,895,606
2018.....	3,333,308,298	5.0	83,019,466	3,250,288,832	5.0	260,102,598
2017.....	3,176,049,851	3.7	80,590,886	3,095,458,965	3.6	210,952,668
2016.....	3,061,590,401	4.7	74,839,145	2,986,751,256	4.6	182,889,652
2015.....	2,925,307,060	7.3	69,331,348	2,855,975,712	7.3	153,676,520

- (1) Each year all taxable property must be assessed at 100% of the current market value.
- (2) Includes URA value.
- (3) “Taxable Assessed Value” is the full market value less statutory exemptions and incremental changes to the base value in any urban renewal area that overlaps the City pursuant to Title 50 of the Code. Statutory exemptions include a homeowner’s exemption, and property tax reductions. The Taxable Assessed Value is the value against which tax levies are applied.
- (4) Incremental value assessed to that portion of the URA that lie within the City.

(Source: Reports from the Idaho State Tax Commission.)

## Property Tax Exemptions

*Homeowner’s Property Tax Exemption.* The homeowner’s property tax exemption provides a permanent exemption from ad valorem taxation for 50% of the market value for assessment purposes of a homeowner’s primary residence including up to one acre of the land value, up to a maximum of \$100,000 (the “Homeowner’s Exemption”) for Tax Year 2018. In 2016, the State Legislature amended Idaho Code Section 63-602G to fix the maximum amount of the Homeowner’s Exemption at \$100,000.

*Business Investment Property Tax Exemption:* Under Idaho Code 63-602NN local county commissioners can declare that all or a portion of the market value of the improvements of a defined project with investments that meet certain tax incentive criteria can be exempt from property tax for a specified period. The exemption can be up to 100% per year for up to five years for each project. The investment must be in new manufacturing facilities valued at a minimum of \$3 million (which was lowered to \$500,000 on July 1, 2017) and land is not eligible for the exemption. Any existing buildings are not eligible for the exemption and approval of the exemption is at the discretion of the local county commissioners.

Use of the business investment property tax exemption (“Business Exemption”) only exempts the collection of property taxes on new business investment and does not impact the District’s ability to repay the 2017 Bonds. Following the expiration of the Business Exemption the value of the new investment of property will be included in the District’s Taxable Assessed Value for future tax levy certifications.

*Personal Property Tax Exemption:* The 2020 Bonds are secured by an unlimited tax on taxable property in the City. Taxable property includes real property and personal property. Idaho currently has a \$3,000 exemption on a de minimus item of taxable property and a \$100,000 exemption on business personal property.

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## Tax Collection Record

Year (1)	Tax Levy In Dollars	Amount Collected (2)	% Collected
2018 .....	\$4,273,814	\$4,271,877	100.0%
2017 .....	4,100,115	4,115,481	100.4
2016 .....	3,946,637	3,970,689	100.6
2015 .....	3,815,955	3,838,221	100.6
2014 .....	3,676,087	3,701,495	100.7

(1) The tax year runs from January 1 to December 31. Ad valorem taxes, including delinquent taxes, penalties and amounts canceled, are collected by the Treasurer of Blaine County and are remitted to the City during the month following collection.

(2) Includes property tax collections from Blaine County as of December 2019.

(Source: The Office of the County Treasurer; compiled by the Municipal Advisor.)

## The Largest Taxpayers of the City

Idaho Code Section 50-2908 allows URA value to be used for calculating the tax rate for voter approved general obligation bonds authorized after December 31, 2007. As such, the taxable assessed valuation applicable to the City's bond levy is larger than the taxable assessed value applicable to the City's regular property tax levy.

The following chart shows the largest taxpayers with URA value included (i.e., bond levy):

Taxpayer	Type of Business	2019 Taxable Value	% of the City's 2019 Tax Value
Aspen Skiing Company LLC.....	Resort, hotels and motels	\$ 20,540,590	0.6
Legacy Residential LLC. ....	Private residence	15,439,645	0.4
Sun Valley Resorts.....	Resort, hotels and motels	15,203,529	0.4
Individual .....	Private residence	13,452,077	0.4
Individual .....	Private residence	11,520,308	0.3
Helios Development LLC .....	Resort, hotels and motels	11,075,451	0.3
Hemingway's Condominium Assn..	Condominium association	9,354,988	0.3
Peed FLP1 LTD LLP.....	Real estate/developer	8,689,916	0.3
Individual .....	Private residence	8,185,153	0.2
Individual .....	Private residence	<u>7,977,143</u>	0.2
Totals Top 10.....		<u>\$121,438,800</u>	3.5
Total City (Includes URA value) .....		<u>\$3,437,767,748</u>	100.0

(Source: The Office of the County Treasurer; compiled by the Municipal Advisor.)

The following chart shows the largest taxpayers with URA value excluded (i.e., regular levy):

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2019 Taxable Value</u>	<u>% of the City's 2019 Tax Value</u>
Legacy Residential LLC. ....	Private residence	\$ 15,439,645	0.5
Individual .....	Private residence	13,452,077	0.4
Sun Valley Resorts.....	Resort, hotels and motels	13,345,392	0.4
Individual .....	Private residence	11,520,308	0.4
Helios Development LLC .....	Resort, hotels and motels	10,346,700	0.3
Hemingway's Condominium Assn. .	Condominium association	9,354,988	0.3
Peed FLP1 LTD LLP .....	Real estate/developer	8,689,916	0.3
Individual .....	Private residence	8,185,153	0.3
Individual .....	Private residence	7,977,143	0.3
Individual .....	Private residence	<u>7,815,789</u>	0.2
Totals Top 10.....		\$ <u>106,127,111</u>	3.4
Total City (Excludes URA value) .....		<u>\$3,142,872,142</u>	100.0

(Source: The Office of the County Treasurer; compiled by the Municipal Advisor.)

## TAX MATTERS

In the opinion of Skinner Fawcett LLP, Bond Counsel, assuming continuous compliance with certain covenants described below: (i) interest on the 2020 Bonds is excluded from gross income pursuant to the Code, (ii) interest on the 2020 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code; and (iii) interest on the 2020 Bonds is excluded from gross income for purposes of income taxation by the State of Idaho.

The Code imposes several requirements which must be met with respect to the 2020 Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2020 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2020 Bonds; (b) limitations on the extent to which proceeds of the 2020 Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2020 Bonds above the yield on the 2020 Bonds to be paid to the United States Treasury. The exclusion of interest on the 2020 Bonds from gross income for Idaho income tax purposes is dependent on the interest on the 2020 Bonds being excluded from gross income for federal income tax purposes. The City will covenant and represent in the 2020 Bond Ordinance that it will take all steps to comply with the requirements of the Code to the extent necessary to maintain the exclusion of interest on the 2020 Bonds from gross income and alternative minimum taxable income under federal income tax laws in effect when the 2020 Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the 2020 Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the 2020 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

## **Bond Premium**

Beneficial Owners who purchase the 2020 Bonds in the initial offering at a price in excess of the par amount of such Bonds or at a price other than the original offering price shown on the inside cover page of this Official Statement and owners who purchase the 2020 Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the 2020 Bonds. Owners of the 2020 Bonds also should consult their own tax advisors with respect to the state and local tax consequences of owning the 2020 Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue premium on the 2020 Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

## **Original Issue Discount**

Beneficial Owners who purchase Bonds in the initial offering at a price less than the original offering price shown on the inside cover page hereof (“Discount Bonds”) and owners who purchase Discount Bonds after the initial offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds. Beneficial Owners who are subject to state or local income taxation (other than Idaho state income taxation) should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Code contains numerous provisions which may affect an investor’s decision to purchase the 2020 Bonds. Owners of the 2020 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain “subchapter S” corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Code, backup withholding may be imposed on payments on the 2020 Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Code. With respect to any of the 2020 Bonds sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity, under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the 2020 Bonds from gross income (for federal and Idaho income tax purposes) and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership of the 2020 Bonds. Owners of the 2020 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2020 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2020 Bonds, the exclusion of interest on the 2020 Bonds from gross income (for federal and Idaho income tax purposes) or alternative minimum taxable income or both from the date of issuance of the 2020 Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the

tax treatment or market value of the 2020 Bonds. Owners of the 2020 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2020 Bonds. If an audit is commenced, the market value of the 2020 Bonds may be adversely affected. Under current audit procedures the Service will treat the City as the taxpayer and the 2020 Bond owners may have no right to participate in such procedures. The City has covenanted not to take any action that would cause the interest on the 2020 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Underwriter, or Bond Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the 2020 Bonds.

***Prospective purchasers of the 2020 Bonds should consult their tax advisors as to the federal, state, local, and foreign tax consequences of their acquisition, ownership, and disposition of the 2020 Bonds.***

***Circular 230. The foregoing discussion of TAX MATTERS regarding the 2020 Bonds was not intended or written by Bond Counsel to be used, and it cannot be used, for the purpose of avoiding penalties that may be imposed on a Beneficial Owner of the 2020 Bonds. The foregoing discussion of TAX MATTERS was written to support the promotion or marketing of the 2020 Bonds. Each prospective purchaser of the 2020 Bonds should seek advice based on the prospective purchaser’s particular circumstances from an independent tax advisor.***

## LEGAL MATTERS

### **Absence of Litigation Concerning the 2020 Bonds**

The attorney for the City, Matthew Johnson of White Peterson, Nampa, Idaho, has officially advised that, to his knowledge, there is no pending or threatened litigation that would legally stop, enjoin, or prohibit the issuance, sale or delivery of the 2020 Bonds or the levy or collection of taxes for the payment of the 2020 Bonds. See “APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 8. Litigation” (page A–29).

### **Opinions of Bond Counsel**

Legal matters incident to the authorization, issuance and sale of the 2020 Bonds by the City are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as Appendix B. Bond Counsel has reviewed this document only to confirm that the portions of it describing the 2020 Bonds and the authority to issue the 2020 Bonds, the security for the Bonds and tax matters relative to the 2020 Bonds present a fair summary of such matters.

### **Tax Legislative Changes**

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the 2020 Bonds from the gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the 2020 Bonds. Prospective purchasers of the 2020 Bonds should consult with their own tax advisors with respect to the effects of any proposed or future legislation.

## **Legislative Referrals**

Referrals are proposed laws that originate from the State Legislature to be voted on by the people. In Idaho, both houses of the State Legislature must vote and must pass by two-thirds of its members to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. According to the Elections Division of the Idaho Secretary of State, there are no current proposed Legislative referrals.

## **The Initiative Process**

Article I, Section 3 of the Idaho Constitution provides that the people of the State have reserved to themselves the power of initiative and referendum, pursuant to which measures to enact, or repeal laws can be placed on the statewide general election ballot for consideration by the voters. The initiative and referendum powers relate only to laws; the Idaho Supreme Court has ruled that the Idaho Constitution cannot be amended by initiative or referendum.

In 1997, the State Legislature enacted significant procedural prerequisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with the Idaho Secretary of State's office. The Idaho Attorney General is required by law to review and make recommendations (if any) on the petition to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, shall provide a ballot title for the measure. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Idaho Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the form of the petition has been approved by the Secretary of State, the proponents of the measure shall print the petition and, during an 18-month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

To be placed on a general election ballot, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by a number of qualified voters equal to at least 6% of the qualified electors, i.e., registered voters, at the immediately previous general election. The 2013 State Legislature adopted SB 1108 which increases the number of registered voters needed to place an initiative or referendum on the ballot by requiring signatures of 6% of the registered voters in at least a majority of the State's 35 legislative districts, as well as 6% of the total registered voters of the State.

Proponents of measures are permitted to compensate persons obtaining signatures for the petition, but in such instances the petition must contain a notice of such payment to the elector whose signature is being sought.

## **Historical Initiative Petitions**

According to the Elections Division of the Idaho Secretary of State, there have been four initiative petitions and three referendums that qualified for the ballot between 2006 and 2018. In 2018, an initiative related to Medicaid expansion was approved by the voters. The passing of this initiative has not affected the finances of the City or the ability of the City to levy and collect property taxes for the payment of the 2020 Bonds.

## **General**

Certain legal matters will be passed upon for the City by White Peterson, Nampa, Idaho, City Attorney. The expected form of the opinion of Bond Counsel is attached to this OFFICIAL STATEMENT as “APPENDIX B—PROPOSED FORM OF OPINION OF BOND COUNSEL.”

The various legal opinions to be delivered concurrently with the delivery of the 2020 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **MISCELLANEOUS**

### **Bond Rating**

As of the date of this OFFICIAL STATEMENT, the 2020 Bonds have been rated “Aa2” by Moody’s. An explanation of this rating may be obtained from Moody’s. The City has not applied to S&P Global Ratings or Fitch Ratings for a rating on the 2020 Bonds.

Such rating does not constitute a recommendation by the rating agency to buy, sell or hold the 2020 Bonds. Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own.

There is no assurance that the rating given the 2020 Bonds will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2020 Bonds.

### **Municipal Advisor**

The City has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the 2020 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2020 Bonds. The Municipal Advisor has read and participated in the drafting of certain portions of this OFFICIAL STATEMENT and has supervised the completion and editing thereof. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty or warranty respecting the accuracy and completeness of the OFFICIAL STATEMENT or any other matter related to the OFFICIAL STATEMENT.

### **Independent Auditors**

The basic financial statements of the City as of September 30, 2019 and for the year then ended, included in this OFFICIAL STATEMENT, have been audited by Workman & Company, Office of Accounting, Twin Falls, Idaho (“Workman & Co.”), as stated in their report in “APPENDIX A—FINANCIAL STATEMENTS OF CITY OF KETCHUM, IDAHO FOR FISCAL YEAR 2019.”

Workman & Co. have not participated in the preparation or review of this OFFICIAL STATEMENT. Based upon their non-participation, they have not consented to the use of their name in this OFFICIAL STATEMENT.

From time to time, the City bids out auditor services. The City re-hired and contracted Workman & Co. to prepare its basic financial statements for the next four years.

### **Additional Information**

The information set forth herein has been obtained from the City and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, warranty or guarantee by the Underwriters. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact

The information contained herein should not be construed as representing all conditions affecting the City or the 2020 Bonds. Additional information may be obtained from the City. The statements relating to the Bond Ordinance are in summarized form, and in all respects, are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether or not expressly so stated, are intended as such and not as a representation of fact.

The appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the City.

**City of Ketchum, Idaho**



**APPENDIX A**

**FINANCIAL STATEMENTS CITY OF KETCHUM, IDAHO  
FOR FISCAL YEAR 2019**

The City's Financial Statements for Fiscal Year 2019 is contained herein, and such page numbers may not be in numerical order. Copies of current and prior financial reports are available upon request from the City's contact person as indicated under "INTRODUCTION—Contact Persons" above.

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**CITY OF KETCHUM, IDAHO**

**Financial Statements**

**Year Ended September 30, 2019**

**CITY OF KETCHUM, IDAHO**  
**Financial Statements**  
**For the year ended September 30, 2019**

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# WORKMAN & COMPANY

Office of  
Accounting

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

## INDEPENDENT AUDITOR'S REPORT

November 9, 2019

To the City Council  
City of Ketchum, Idaho

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Ketchum, Idaho's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–11 and 35–38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information on pages 39-46 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information along with the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2019, on our consideration of the City of Ketchum, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ketchum, Idaho's internal control over financial reporting and compliance.

*Workman & Company*

WORKMAN AND COMPANY  
Certified Public Accountants  
Twin Falls, Idaho



## CITY OF KETCHUM, IDAHO

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### Management's Discussion and Analysis

December 16, 2019

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

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

#### FINANCIAL HIGHLIGHTS

- The total of all fund assets of the City of Ketchum exceeded liabilities at the close of the most recent fiscal year by \$ 36,676,891. Of that amount, \$ 9,228,946 (unrestricted net position) may be used to meet future obligations and programs.
- The Local Option Tax (LOT) receipts increased \$ 330,090 from the previous year. This increase is due to the slightly increased economy in the Valley over the previous year. This Special Revenue Fund received an amount of, \$4,973,422 in the current year.
- Governmental Fund Revenues were \$ 16,527,422 and expenditures were \$15,856,444.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

##### Government-wide Financial Statements

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

##### Fund Financial Statements

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

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

Continued...

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

	Government-wide	Fund Financial Statements	
	Financial Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government and the City's component unit.	Activities of the City that are not proprietary.	Activities of the City that are operated similar to private businesses
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year * Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Notes to the Financial Statements**

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

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

**CONDENSED FINANCIAL INFORMATION**

**Condensed Statement of Net Position**

The largest component (\$ 26,945,439) of the City's net position (73.4%) reflects its investment in capital assets (e.g. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, this net position amount is not eligible for future spending. Restricted net position totals \$502,506. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, debt service requirements, or enabling



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

Continued...

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

Table 2 below presents the City's condensed statement of net position as of September 30, 2019, derived from the government-wide Statement of Net Position.

**Table 2: Condensed Statement of Net Position**  
**As of September 30, 2019**

	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit - Urban Renewal Agency
Current and other assets	\$ 8,955,736	\$ 2,574,552	\$ 11,530,288	\$ 1,494,073
Capital assets	19,947,048	13,053,168	33,000,216	4,903,405
<b>Total Assets</b>	<b>28,902,784</b>	<b>15,627,720</b>	<b>44,530,504</b>	<b>6,397,478</b>
Deferred Outflows	115,880	30,837	146,717	
Current Liabilities	294,558	377,913	672,471	315,234
Long-term liabilities	1,896,944	4,978,074	6,875,018	5,276,993
<b>Total Liabilities</b>	<b>2,191,502</b>	<b>5,355,987</b>	<b>7,547,489</b>	<b>5,592,227</b>
Deferred Inflows	357,662	95,179	452,841	
<b>Net assets:</b>				
Invested in capital assets net of related debt	18,957,979	7,987,460	26,945,439	0
Restricted	290,506	212,000	502,506	1,811,404
Unrestricted	7,221,015	2,007,931	9,228,946	(1,006,153)
<b>Total Net Position</b>	<b>\$ 26,469,500</b>	<b>\$ 10,207,391</b>	<b>\$ 36,676,891</b>	<b>\$ 805,251</b>

Condensed Statement of Activities

Table 3 below presents the City's condensed statement of activities for the fiscal year ended September 30, 2019 as derived from the government-wide Statement of Activities. Over time, increases and decreases in net position measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net position of the governmental activities decreased by \$ 416,382 or -1.5% percent, the net position of the business-type activities increased by \$ 1,115,139 or 12.3%, and the net position of the City's Component Unit (Urban Renewal Agency) increased \$ 698,726 or 161%.

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

Continued...

**Table 3: Condensed Statement of Activities  
As of September 30, 2019**

	Governmental Activities	Business- type Activities	Total Primary Government	Component Unit Urban Renewal Agency
<b>Revenue:</b>				
Program revenues				
Charges for services	\$ 4,026,768	\$ 4,660,376	\$ 8,687,144	\$ 44,000
Capital grants /contributions	288,512		288,512	
Total program revenues	<u>4,315,280</u>	<u>4,660,376</u>	<u>8,975,656</u>	<u>44,000</u>
General revenues				
Taxes	9,265,517		9,265,517	1,653,477
Franchise, licenses, permits	971,701		971,701	
State shared revenues	1,584,669		1,584,669	
Interest	184,227	46,257	230,484	15,864
Gain (Loss) on sale of assets	(96,630)		(96,630)	
Other revenues (Losses)	39,539	37,080	76,619	2,898
Total general revenues	<u>11,949,023</u>	<u>83,337</u>	<u>12,032,360</u>	<u>1,672,239</u>
Total revenues	<u>16,264,303</u>	<u>4,743,713</u>	<u>21,008,016</u>	<u>1,716,239</u>
<b>Program expenses:</b>				
General government	6,016,990		6,016,990	921,774
Public safety	4,731,543		4,731,543	
Streets	2,157,246		2,157,246	
Parks and recreation	509,458		509,458	
Transportation	3,172,440		3,172,440	
Affordable Housing	75,000		75,000	
Wastewater		1,867,171	1,867,171	
Water		1,561,227	1,561,227	
Interest, long-term debt	18,008	200,176	218,184	297,739
Total program expenses	<u>16,680,685</u>	<u>3,628,574</u>	<u>20,309,259</u>	<u>1,219,513</u>
<b>Change in net position</b>	<b>(416,382)</b>	<b>1,115,139</b>	<b>698,757</b>	<b>496,726</b>
Beginning net position	26,885,882	9,092,252	35,978,134	308,525
Ending net position	<u>\$ 26,469,500</u>	<u>\$ 10,207,391</u>	<u>\$ 36,676,891</u>	<u>\$ 805,251</u>

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

Continued...

Program Expenses and Revenues for Governmental Activities

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

**Table 4: Program Expenses and Revenues  
for Government Activities  
For the Fiscal Year Ended September 30, 2019**

	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Expense (Revenues) (a)</u>
General government	\$ 6,016,990	\$ 4,038,026	\$ (1,978,964)
Public safety	4,731,543	22,139	(4,709,404)
Streets	2,157,246	34,031	(2,123,215)
Parks and Recreation	509,458	36,324	(473,134)
Transportation	3,172,440		(3,172,440)
Affordable Housing	75,000	184,760	109,760
Interest on long-term debt	18,008		(18,008)
<b>Totals</b>	<b>\$ 16,680,685</b>	<b>\$ 4,315,280</b>	<b>\$ (12,365,405)</b>

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

Program Expenses and Revenues for Business-type Activities

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

**Table 5: Program Expenses and Revenues  
for Business-type Activities  
For the Fiscal Year Ended September 30, 2019**

<u>City Programs</u>	<u>Program Expenses</u>	<u>Program Revenues</u>	<u>Net Program Expenses (Revenues)</u>
Wastewater	\$ 1,867,171	\$ 2,560,920	\$ 693,749
Water	1,561,227	2,099,456	538,229
Interest on long-term debt	200,176		(200,176)
<b>Totals</b>	<b>\$ 3,628,574</b>	<b>\$ 4,660,376</b>	<b>\$ 1,031,802</b>

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

Continued...

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

**BUDGET VARIANCES IN THE GENERAL FUND**

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

**Table 6: Analysis of Significant Budget Variances  
for Major Governmental Funds  
For the Fiscal Year Ended September 30, 2019**

	Final Budget	Actual	Variances
<b>Revenues:</b>			
Taxes (including penalties/interest)	\$ 8,942,739	\$ 9,265,517	\$ 322,778
Franchises, licenses, permits	832,608	702,952	(129,656)
State of Idaho	1,516,456	1,584,669	68,213
Fees, Charges for Services	3,135,181	3,476,464	341,283
Other	303,386	222,721	(80,665)
<b>Totals</b>	<u>14,730,370</u>	<u>15,252,323</u>	<u>521,953</u>
<b>Expenditures:</b>			
General Government	4,320,813	4,250,561	70,252
Public Safety	4,020,720	4,073,059	(52,339)
Streets	2,133,273	1,987,424	145,849
Capital Outlay			0
Parks and Recreation	520,827	467,643	53,184
Transportation	3,172,440	3,172,440	0
Affordable Housing	75,000	75,000	0
Debt Service			
<b>Totals</b>	<u>14,243,073</u>	<u>14,026,127</u>	<u>216,946</u>
<b>Excess (Deficiency)</b>	<u>\$ 487,297</u>	<u>\$ 1,226,196</u>	<u>\$ 738,899</u>

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

Continued...

**Table 7: Comparison of Statement of Net Position  
As of September 30, 2019 and 2018**

	2019	2018	Percentage Change
Current Assets	\$ 11,530,288	\$ 10,904,438	5.7394%
Capital Assets	33,000,216	32,448,720	1.6996%
<b>Total Assets</b>	<b>44,530,504</b>	<b>43,353,158</b>	<b>2.7157%</b>
Deferred Outflow of Resources	146,717	206,161	-28.8338%
Current Liabilities	672,471	618,752	8.6818%
Long Term Liabilities	6,875,018	6,776,724	1.4505%
<b>Total Liabilities</b>	<b>7,547,489</b>	<b>7,395,476</b>	<b>2.0555%</b>
Deferred Inflow of Resources	452,841	185,709	143.8444%
<b>Net Position:</b>			
<b>Invested in Capital Assets</b> net of related debt	26,945,439	26,596,623	1.3115%
Restricted	502,506	475,755	5.6229%
Unrestricted	9,228,946	8,905,756	3.6290%
<b>Total Net Position</b>	<b>\$ 36,676,891</b>	<b>\$ 35,978,134</b>	<b>1.9422%</b>

**OVERALL ANALYSIS**

Financial highlights for the City as a whole during the fiscal year ended September 30, 2019 show the assets of the City exceeded its liabilities (net position) at the close to the fiscal year by \$36,676,891 (for governmental activities \$26,469,500, for the business-type activities \$10,207,391). Additionally, the City's total net position increased during the year by \$698,757. The net position of the governmental activities decreased by \$ 416,382, while the net position of the business-type activities increased by \$ 1,115,139.

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

Continued...

**Table 8: Changes in Fixed Assets  
for All Funds  
For the Fiscal Year Ended September 30, 2019**

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Infrastructure	\$ 11,173,508	490,028		\$ 11,663,536
Buildings and Improvements	34,124,116	1,641,999	(210,000)	35,556,115
Vehicles and Equipment	8,108,298	1,227,731	(209,243)	9,126,786
Construction in Progress	524,626	240,196	(524,626)	240,196
<b>Totals</b>	<u>53,930,548</u>	<u>3,599,954</u>	<u>(943,869)</u>	<u>56,586,633</u>
Accumulated Depreciation	<u>(21,481,828)</u>	<u>(2,415,450)</u>	<u>310,861</u>	<u>(23,586,417)</u>
<b>Net Book Value</b>	<b>\$ <u>32,448,720</u></b>			<b>\$ <u>33,000,216</u></b>

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

Capital Asset Activity

At September 30, 2019, the City reported \$19,947,048 in capital assets for governmental activities and \$13,053,168 in capital assets for business-type activities.

Long-term Debt Activity

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

**FUNDS ANALYSIS**

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

Governmental funds

As of the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,838,133. The fund balance increased \$ 670,978 during the fiscal year. The increase is the result of \$16,527,422 of revenues reduced by \$ 15,856,444 of expenditures. The increase in fund balance follows a fund balance decrease of \$541,529 in FY2018, and results in large part from budgeted expenditures for capital improvements in the City's funds. The City's management and Council continue to expend resources under approved budgets and strive to strengthen the City's financial position during uncertain economic times. This ongoing accomplishment is due to the commitment and determination of the City Council and staff to make prudent financial decisions while also seeking to preserve levels of service to the community by continually pursuing and implementing cost savings and efficiencies in operations.

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

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

Continued...

**Table 9: Analysis of Fund Balances  
for All Funds  
For the Fiscal Year Ended September 30, 2019**

	Investment in Capital Assets	Restricted or Assigned	Unassigned	Total Balance
General Fund	\$		\$ 3,404,834	\$ 3,404,834
City Sales Tax Fund		653,491		653,491
In-Lieu Housing Fund		2,587,592		2,587,592
Capital Improvement Funds		1,881,336		1,881,336
GO Bond Debt Fund		3,099		3,099
Wagon Days Fund		17,275		17,275
Police Trust Fund		99,851		99,851
Community Development Trust Fund		0		0
Park Trust Fund		190,655		190,655
Water	1,339,697	0	1,427,677	2,767,374
Wastewater	6,647,763	212,000	580,254	7,440,017

**REQUESTS FOR INFORMATION**

Requests for information regarding City finances should be directed to:

Grant Gager City Finance Director  
City of Ketchum, Idaho  
P.O. Box 2315  
Ketchum, Idaho, 83340  
Telephone: (208) 726-3841

**ACKNOWLEDGMENTS**

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

Respectfully submitted,

Suzanne Frick  
CITY ADMINISTRATOR

**CITY OF KETCHUM, IDAHO**  
**Statement of Net Position**  
**at September 30, 2019**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit Urban Renewal Agency</u>
<b><u>ASSETS</u></b>				
Cash and Deposits	\$ 7,996,765	\$ 2,250,557	\$ 10,247,322	\$ 940,266
Accounts Receivable & Prepaid Expenses		51,762	51,762	
Taxes Receivable	270,771		270,771	4,090
Due From Other Governments	395,668	60,233	455,901	
Restricted Cash	290,506	212,000	502,506	549,717
Other Assets	2,026		2,026	
Totals	<u>8,955,736</u>	<u>2,574,552</u>	<u>11,530,288</u>	<u>1,494,073</u>
Capital Assets:				
Land	8,809,038	15,380	8,824,418	4,788,748
Construction in Progress		240,196	240,196	
Infrastructure	2,839,118		2,839,118	146,369
Buildings and Improvements	9,785,787	25,770,328	35,556,115	
Equipment and Vehicles	8,297,570	829,216	9,126,786	
Accumulated Deprecation	<u>(9,784,465)</u>	<u>(13,801,952)</u>	<u>(23,586,417)</u>	<u>(11,710)</u>
Total Capital Assets	<u>19,947,048</u>	<u>13,053,168</u>	<u>33,000,216</u>	<u>4,803,405</u>
<b>Total Assets</b>	<u>28,902,784</u>	<u>15,827,720</u>	<u>44,530,504</u>	<u>6,397,478</u>
Deferred Outflows of Resources:				
Deferred Outflows from Pension Activity	<u>115,880</u>	<u>30,837</u>	<u>146,717</u>	<u>0</u>
<b><u>LIABILITIES</u></b>				
Accounts and Interest Payable	117,603	7,913	125,516	135,234
Due To Other Funds				
Long-term Liabilities:				
Portion due or payable within one year:				
Lease and Bonds Payable	176,955	370,000	546,955	180,000
Portion due or payable after one year:				
Lease and Bonds Payable	812,114	4,443,000	5,255,114	5,440,000
Unamortized Bond Discount		(28,650)	(28,650)	(183,007)
Unamortized Bond Premium		281,358	281,358	
Net Pension Liability	780,027	207,575	987,602	
Compensated Absences	<u>304,803</u>	<u>74,791</u>	<u>379,594</u>	
<b>Total Liabilities</b>	<u>2,191,502</u>	<u>5,355,987</u>	<u>7,547,489</u>	<u>5,592,227</u>
Deferred Inflows of Resources:				
Deferred Inflows from Pension Activities	<u>357,882</u>	<u>95,179</u>	<u>452,841</u>	<u>0</u>
<b><u>NET POSITION</u></b>				
Invested in Capital Assets - net of related debt	18,957,979	7,987,460	26,945,439	0
Restricted For:				
Debt Service		212,000	212,000	549,717
Other Purposes	290,506		290,506	1,261,687
Unrestricted	<u>7,221,015</u>	<u>2,007,931</u>	<u>9,228,946</u>	<u>(1,006,153)</u>
<b>Total Net Position</b>	<u>\$ 26,469,500</u>	<u>\$ 10,207,391</u>	<u>\$ 36,676,891</u>	<u>\$ 805,251</u>

The accompanying notes are a part of these financial statements.



**CITY OF KETCHUM, IDAHO**  
**Statement of Activities**  
**For the Year Ended September 30, 2019**

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets			Component Unit - Urban Renewal Agency
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
<b>Governmental:</b>							
General Government	\$ 8,018,990	\$ 3,778,657	\$ 258,368	\$ (1,978,964)		\$ (1,978,964)	\$ 44,000
Public Protection:							
Public Safety	4,731,543	22,139		(4,709,404)		(4,709,404)	
Streets	2,157,248	34,026	5	(2,123,215)		(2,123,215)	
Parks and Recreation	509,458	7,186	29,138	(473,134)		(473,134)	
Transportation	3,172,440			(3,172,440)		(3,172,440)	
Affordable Housing	75,000	184,760		109,760		109,760	
Interest - on long-term debt	18,008			(18,008)		(18,008)	
Total Governmental Activities	<u>16,680,685</u>	<u>4,026,768</u>	<u>288,512</u>	<u>(12,365,405)</u>		<u>(12,365,405)</u>	
<b>Business Type:</b>							
Water	1,561,227	2,099,456			\$ 538,229	538,229	
Wastewater	1,887,171	2,560,920			893,749	893,749	
Interest - on long-term debt	200,176				(200,176)	(200,176)	
Total Business-type Activities	<u>3,628,574</u>	<u>4,660,376</u>	<u>0</u>		<u>1,031,802</u>	<u>1,031,802</u>	
<b>Total City of Ketchum, Idaho</b>	<u>\$ 20,309,259</u>	<u>\$ 8,687,144</u>	<u>\$ 288,512</u>	<u>(12,365,405)</u>	<u>1,031,802</u>	<u>(11,333,603)</u>	
<b>Component Units:</b>							
Urban Renewal Agency	\$ 1,219,513						(1,219,513)
<b>Total</b>							<u>(1,175,513)</u>
<b>General Revenues:</b>							
Property taxes				4,292,095		4,292,095	1,653,477
Local Option sales taxes				4,973,422		4,973,422	
Franchises, licenses, permits				971,701		971,701	
State of Idaho revenue sharing				968,466		968,466	
State of Idaho sales tax				102,535		102,535	
State of Idaho liquor receipts				381,349		381,349	
State highway user collections				134,319		134,319	
Penalty and interest on property taxes				13,801		13,801	2,888
County court and parking fines				99,080		99,080	
Gain (Loss) from Sale of Assets				(96,630)		(96,630)	
Earnings on investments				184,227	46,257	230,484	15,864
Miscellaneous				81,396		81,396	
Amortization of Bond Premium					20,819	20,819	
Amortization of Bond Discount					(3,231)	(3,231)	
Gain (Loss) from Pension Activity				(154,738)	18,892	(135,048)	
Total general revenues and transfers				<u>11,949,023</u>	<u>83,337</u>	<u>12,032,360</u>	<u>1,872,239</u>
Changes in net position				(416,382)	1,115,139	698,757	496,726
Net Position - Beginning				<u>28,885,882</u>	<u>8,092,252</u>	<u>35,978,134</u>	<u>308,525</u>
Net Position - Ending				<u>\$ 26,469,500</u>	<u>\$ 10,207,391</u>	<u>\$ 36,676,891</u>	<u>\$ 805,251</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**at September 30, 2019**

	<b>General Fund</b>	<b>City Sales Tax Fund</b>	<b>In-Lieu Housing Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>					
Cash and Cash Deposits	\$ 3,041,390	\$ 409,193	\$ 2,587,592	\$ 2,249,096	\$ 8,287,271
Taxes Receivable	26,473	244,298			270,771
Accounts Receivable	2,026				2,026
Due From Other Governments	395,668				395,668
<b>Total Assets</b>	<b>\$ 3,465,557</b>	<b>\$ 653,491</b>	<b>\$ 2,587,592</b>	<b>\$ 2,249,096</b>	<b>\$ 8,955,736</b>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 60,723				\$ 60,723
Funds Held in Trust				56,880	56,880
Due To Other Funds					0
<b>Total Liabilities</b>	60,723	0	0	56,880	117,603
<b>FUND BALANCE:</b>					
Non-spendable					0
Restricted				290,506	290,506
Committed					0
Assigned		653,491	2,587,592	1,901,710	5,142,793
Unassigned	3,404,834				3,404,834
<b>Total Fund Balance</b>	3,404,834	653,491	2,587,592	2,192,216	\$ 8,638,133
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,465,557</b>	<b>\$ 653,491</b>	<b>\$ 2,587,592</b>	<b>\$ 2,249,096</b>	

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

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 29,731,513 and the accumulated depreciation is \$ 9,784,465	19,947,048
Long-term liabilities, including bonds, net pension liability, and compensated absences are not payable in the current period and therefore are not reported in the governmental funds	(2,315,681)
<b>Net Assets of Governmental Activities</b>	<b>\$ 26,469,500</b>

The accompanying notes are a part of these financial statements

**CITY OF KETCHUM, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**for the year ended September 30, 2019**

	General Fund	City Sales Tax Fund	In-Lieu Housing Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUE:</b>					
Property taxes	\$ 4,292,095				\$ 4,292,095
Local Option sales taxes		4,973,422			4,973,422
Franchises, licenses, permits	702,952			288,749	971,701
State of Idaho shared revenue	966,466				966,466
State of Idaho sales tax	102,535				102,535
State of Idaho liquor receipts	381,349				381,349
State highway user collections	134,319				134,319
Penalty/Interest on property taxes	13,801				13,801
County court and parking fines	99,080				99,080
Proceeds from sale of assets	11,752			0	11,752
Fees and charges for services	3,291,704		184,760	550,304	4,026,768
Grants and contributions	0			288,512	288,512
Earnings on Investments	81,545	767	59,313	42,601	184,226
Miscellaneous and Reimbursements	81,096		0	300	81,396
<b>Total Revenue</b>	<u>10,158,894</u>	<u>4,974,189</u>	<u>244,073</u>	<u>1,150,466</u>	<u>16,527,422</u>
<b>EXPENDITURES:</b>					
General Government	4,167,474	83,087		209,981	4,460,542
Public Safety	3,925,212	147,847			4,073,059
Streets	1,987,424				1,987,424
Capital outlay				1,445,230	1,445,230
Parks and Recreation	467,643			26,098	493,741
Transportation		3,172,440			3,172,440
Affordable Housing			75,000		75,000
Debt Service				149,008	149,008
<b>Total Expenditures</b>	<u>10,547,753</u>	<u>3,403,374</u>	<u>75,000</u>	<u>1,830,317</u>	<u>15,856,444</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	(389,059)	1,570,815	169,073	(679,851)	670,978
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers from other funds	1,164,256			606,917	1,771,173
Operating transfers (to) other funds	(414,007)	(1,296,506)		(60,860)	(1,771,173)
<b>NET CHANGE IN FUND BALANCES</b>	361,190	274,309	169,073	(133,594)	670,978
<b>FUND BALANCE - BEGINNING</b>	<u>3,043,644</u>	<u>379,182</u>	<u>2,418,519</u>	<u>2,325,810</u>	<u>8,167,155</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,404,834</u>	<u>\$ 653,491</u>	<u>\$ 2,587,592</u>	<u>\$ 2,192,216</u>	<u>\$ 8,838,133</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**for the year ended September 30, 2019**

Net Change in Fund Balance - Total Governmental Funds (Page 15)	\$ 670,978
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(1,835,635)
This is the amount of new Governmental Fund assets.	1,704,009
This is the amount of disposed of Governmental Fund assets.	(108,382)
<p>Long term liabilities are not recorded in the Governmental funds.</p>	
This is the amount of payments on General Obligation Bonds Payable	131,000
This is the amount of changes in net pension liabilities	(445,321)
<p>Liability for personal leave days are not recorded in Governmental funds.</p>	
This is the increase in compensated leave during the year.	<u>(114,545)</u>
Change in Net Assets of Governmental Activities (Page 13)	<u>\$ 2,104</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Net Position**  
**Proprietary Funds**  
**at September 30, 2019**

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and Deposits	\$ 1,560,426	\$ 690,131	\$ 2,250,557
Accts receivable - customers	30,789	20,973	51,762
Accts receivable - other govts.		60,233	60,233
	<u>1,591,215</u>	<u>771,337</u>	<u>2,362,552</u>
<b>Restricted Current Assets:</b>			
Cash and Deposits		212,000	212,000
Total Current Assets	<u>1,591,215</u>	<u>983,337</u>	<u>2,574,552</u>
<b>Capital Assets:</b>			
Plant and equipment	12,389,242	14,465,878	26,855,120
Accumulated depreciation	(7,422,647)	(6,379,305)	(13,801,952)
Net Plant and equipment	<u>4,966,595</u>	<u>8,086,573</u>	<u>13,053,168</u>
<b>Total Assets</b>	<u>6,557,810</u>	<u>9,069,910</u>	<u>15,627,720</u>
<b>Deferred Outflow of Resources:</b>			
Deferred Outflows from Pension Activity	<u>13,436</u>	<u>17,401</u>	<u>30,837</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts and Interest Payable	5,173	2,740	7,913
Current portion long-term debt	175,000	195,000	370,000
Total current liabilities	<u>180,173</u>	<u>197,740</u>	<u>377,913</u>
<b>Noncurrent Liabilities:</b>			
Bonds Payable	3,323,000	1,120,000	4,443,000
Unamortized Bond Discount	(28,650)		(28,650)
Unamortized Bond Premium	157,548	123,810	281,358
Net Pension Liability	90,444	117,131	207,575
Compensated Absences Payable	39,886	34,905	74,791
Total noncurrent liabilities	<u>3,582,228</u>	<u>1,395,846</u>	<u>4,978,074</u>
<b>Total Liabilities</b>	<u>3,762,401</u>	<u>1,593,586</u>	<u>5,355,987</u>
<b>Deferred Inflow of Resources:</b>			
Deferred Inflows from Pension Activity	<u>41,471</u>	<u>53,708</u>	<u>95,179</u>
<b>Net Position:</b>			
Investment in capital assets net of related debt	1,339,697	6,647,763	7,987,460
Restricted	0	212,000	212,000
Unrestricted	<u>1,427,677</u>	<u>580,254</u>	<u>2,007,931</u>
<b>Total Net Position</b>	<u>\$ 2,767,374</u>	<u>\$ 7,440,017</u>	<u>\$ 10,207,391</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**for the year ended September 30, 2019**

	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Charges for services	\$ 2,015,415	\$ 2,531,014	\$ 4,546,429
Hookups, connections, impact fees	65,987	24,485	90,472
Reimbursements and Misc.	18,054	5,421	23,475
	<u>2,099,456</u>	<u>2,560,920</u>	<u>4,660,376</u>
<b>Operating Expenses:</b>			
Salaries and benefits	418,626	637,325	1,055,951
Administrative and supplies	887,084	905,548	1,792,632
Depreciation	255,517	324,298	579,815
	<u>1,561,227</u>	<u>1,867,171</u>	<u>3,428,398</u>
<b>Operating Income</b>	<u>538,229</u>	<u>693,749</u>	<u>1,231,978</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	22,606	23,651	46,257
Interest Expense	(129,146)	(71,030)	(200,176)
Gain (Loss) on pension activity	(22,502)	42,194	19,692
Amortization of bond discount	(3,231)		(3,231)
Amortization of bond premium	2,119	18,500	20,619
	<u>(130,154)</u>	<u>13,315</u>	<u>(116,839)</u>
<b>Income before transfers</b>	<u>408,075</u>	<u>707,064</u>	<u>1,115,139</u>
Transfers in	400,000		
Transfers out		(400,000)	
<b>Net Income</b>	808,075	307,064	1,115,139
<b>Total Net Position - Beginning</b>	<u>1,959,299</u>	<u>7,132,953</u>	<u>9,092,252</u>
<b>Total Net Position - Ending</b>	<u>\$ 2,767,374</u>	<u>\$ 7,440,017</u>	<u>\$ 10,207,391</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the year ended September 30, 2019**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 2,091,743	\$ 2,551,912	\$ 4,643,655
Payments to suppliers	(887,084)	(905,548)	(1,792,632)
Payments to employees	(418,626)	(637,325)	(1,055,951)
Other receipts	18,054	5,421	23,475
Net cash provided (used) by operations	<u>804,087</u>	<u>1,014,460</u>	<u>1,818,547</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase and construction of capital assets	(270,728)	(1,100,593)	(1,371,321)
Payments from (to) other funds	400,000	(400,000)	0
Principal paid on capital debt	(173,000)	(185,000)	(358,000)
Interest paid on capital debt	(129,146)	(71,299)	(200,445)
Net cash provided (used) by capital and related financing activities	<u>(172,874)</u>	<u>(1,756,892)</u>	<u>(1,929,766)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest Income	<u>22,606</u>	<u>23,651</u>	<u>46,257</u>
<b>Net Increase (Decrease) in Cash and Deposits</b>	653,819	(716,781)	(64,962)
<b>Balances - Beginning of the year</b>	<u>906,607</u>	<u>1,620,912</u>	<u>2,527,519</u>
<b>Balances - Ending of the year</b>	<u>\$ 1,560,426</u>	<u>\$ 902,131</u>	<u>\$ 2,462,557</u>
Displayed as:			
Pooled Cash and Investments	1,560,426	690,131	2,250,557
Restricted Assets	<u>                    </u>	<u>212,000</u>	<u>212,000</u>
<b>Balances - Ending of the year</b>	<u>\$ 1,560,426</u>	<u>\$ 902,131</u>	<u>\$ 2,462,557</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	538,229	693,749	1,231,978
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	255,517	324,298	579,815
Changes in assets and liabilities:			
Receivables, net	2,812	(76)	2,736
Accounts and other payables	<u>7,529</u>	<u>(3,511)</u>	<u>4,018</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 804,087</u>	<u>\$ 1,014,460</u>	<u>\$ 1,818,547</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

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

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

**Basis of Presentation:**

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

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

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

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

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



**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

-Continued

The City reports the following governmental funds:

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

The City reports the following enterprise funds:

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

#### **Discretely Presented Component Unit**

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

#### **Measurement Focus, Basis of Accounting**

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

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

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

-continued

*Entity Classifications.*

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

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

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

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

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

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

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

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

CITY OF KETCHUM, IDAHO  
Notes to the Financial Statements  
September 30, 2019

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

**Deposits and Investments**

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

**Cash and Deposits**

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

**Receivables and Payable**

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

**Property Tax Calendar**

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

**Deferred Outflows/Inflows of Resources**

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

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

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**Capital Assets**

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

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

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

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

**Compensated Absences**

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

**Pensions**

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

**NOTE 2 – CASH AND DEPOSITS**

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$ 339,035 of the City's bank balances were exposed to custodial credit risk because of the \$ 250,000 limit insured by the FDIC.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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

Investment Type

Idaho State Local Government Investment Pool \$ 9,970,079. (Combined with cash deposits)

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

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

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

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

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

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

Cash on Hand	\$	320
Deposits with financial institutions:		
Demand deposits		779,429
State of Idaho Investment Pool		<u>9,970,079</u>
Total		<u>\$ 10,749,828</u>



**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**NOTE 3 – CAPITAL ASSETS**

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>Governmental Activities:</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 8,809,038	\$	\$	\$ 8,809,038
Construction in Progress	0			0
Total	<u>8,809,038</u>	<u>0</u>	<u>0</u>	<u>8,809,038</u>
 <i>Capital Assets being depreciated:</i>				
Buildings & Improvements	9,995,787		210,000	9,785,787
Infrastructure	2,349,090	490,028		2,839,118
Vehicles and Equipment	7,292,832	1,213,981	209,243	8,297,570
Total	<u>19,637,709</u>	<u>1,704,009</u>	<u>419,243</u>	<u>20,922,475</u>
Less: Accumulated Depreciation:	8,259,691	1,835,635	310,861	9,784,465
Total Net Depreciated Assets	<u>11,378,018</u>	<u>(131,626)</u>	<u>108,382</u>	<u>11,138,010</u>
 Governmental capital assets, net	 <u>\$ 20,187,056</u>	 <u>\$ (131,626)</u>	 <u>\$ 108,382</u>	 <u>\$ 19,947,048</u>
 <b>Business-type activities:</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$ 15,380	\$	\$	\$ 15,380
Construction in Progress	524,626	240,196	524,626	240,196
Total	<u>540,006</u>	<u>240,196</u>	<u>524,626</u>	<u>255,576</u>
 <i>Capital Assets being depreciated:</i>				
Buildings & Improvements	24,128,329	1,641,999		25,770,328
Vehicles and Equipment	815,466	13,750		829,216
Total	<u>24,943,795</u>	<u>1,655,749</u>	<u>0</u>	<u>26,599,544</u>
Less: Accumulated Depreciation	13,222,137	579,815		13,801,952
Total Net Depreciated Assets	<u>11,721,658</u>	<u>1,075,934</u>	<u>0</u>	<u>12,797,592</u>
 Business-type capital assets, net	 <u>\$ 12,261,664</u>	 <u>\$ 1,316,130</u>	 <u>\$ 524,626</u>	 <u>\$ 13,053,168</u>

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**NOTE 4 - BONDS PAYABLE**

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

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

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

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

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

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

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

In June of 2007, the City sold \$1,550,000 of General Obligation Bonds, Series June 5, 2007. The proceeds of this issue were used for capital equipment acquisitions.

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

<u>Wastewater Refunding Bond Series 2014</u>		
<u>FY</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 65,750	\$ 195,000
2021	56,000	205,000
2022	45,750	215,000
2023	35,000	220,000
2024	24,000	230,000
2025	12,500	250,000
Totals	\$ <u>239,000</u>	\$ <u>1,315,000</u>

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

**Bonds Payable – Continued**

FY	<u>Water Refunding Bonds 2015</u>		<u>Water Revenue Bonds 2016</u>	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2020	\$ 109,475	30,000	\$ 22,064	\$ 145,000
2022	108,575	30,000	19,540	151,000
2023	107,675	30,000	16,912	152,000
2024	106,475	30,000	14,269	157,000
2025	105,500	30,000	11,537	162,000
2026-2034	707,000	2,080,000	17,626	501,000
Totals	\$ <u>1,244,700</u>	\$ <u>2,230,000</u>	\$ <u>101,948</u>	\$ <u>1,268,000</u>

General Obligation Bonds Series June 5, 2007

FY	<u>Interest</u>	<u>Principal</u>
2020	\$ 12,336	\$ 137,000
2021	6,335	143,000
Totals	\$ <u>18,671</u>	\$ <u>280,000</u>

**NOTE 5 – CAPITAL LEASES**

The City has entered into a municipal lease agreement for the purchase of a 2019 Hughes Aerial Fire Ladder Truck to be used by the General Fund of the City. The obligation is recorded in the respective fund. Annual lease payments are paid on July 1 of each year. Unless sooner terminated as set forth in the lease, ownership will transfer to the City upon expiration of the lease. Depreciation expense has been computed on assets acquired under municipal lease agreements.

Detail of the Capital Leases follows:

	<u>Financed</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-34</u>	<u>Total</u>
Governmental Activities						
2019 Hughes Aerial Fire Ladder Truck						
Zions Bancorporaton	\$ 709,069	\$ 39,955	\$ 39,695	\$ 40,806	588,613	\$ 709,069
Computed Interest 2.8%		18,475	18,735	17,624	112,542	167,376
	<u>709,069</u>	<u>58,430</u>	<u>58,430</u>	<u>58,430</u>	<u>701,155</u>	<u>876,445</u>
Total Capital Leases	\$ <u>709,069</u>	\$ <u>58,430</u>	\$ <u>58,430</u>	\$ <u>58,430</u>	<u>701,155</u>	\$ <u>876,445</u>



**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**NOTE 6 – OPERATING LEASES**

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

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

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

	<u>Total</u>	<u>Governmental</u>
Rents	\$ 80,418	
Miscellaneous	<u>978</u>	
Total		<u>\$ 81,396</u>

**NOTE 8 – LITIGATION**

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

**NOTE 9 – RESTRICTED NET ASSETS**

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

	<u>General</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Funds</u>
Various Trust Cash	\$ 290,506	
Wastewater Bonds Debt Service	<u>          </u>	\$ <u>212,000</u>
Totals	<u>\$ 290,506</u>	<u>\$ 212,000</u>

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

**NOTE 10 – RISK MANAGEMENT**

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

**NOTE 11 – KETCHUM URBAN RENEWAL AGENCY**

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

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**NOTE 12 – EMPLOYEE RETIREMENT PLAN**

*Plan Description*

The City of Ketchum contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

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

*Pension Benefits*

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

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

*Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of employer rate for general employees and 72% for police and firefighters. As of June 30, 2019, it was 6.79% for general employees and 8.36% for police and firefighters. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. The City's contributions were \$441,262 for the year ended September 30, 2019.

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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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, 2019, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the City's proportion was 0.0865200 percent.

For the year ended September 30, 2019, the City recognized pension expense (revenue) of \$135,046. At September 30, 2019, 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	\$ 91,782	\$ 116,394
Changes in assumptions or other inputs	\$ 54,936	
Net difference between projected and actual earnings on pension plan investments	\$ (85,317)	\$ 336,447
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		
City's contributions subsequent to the measurement date	\$ 85,316	
Total	\$ 146,717	\$ 452,841

\$ 85,316 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, 2020.

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, 2017 the beginning of the measurement period ended June 30, 2018 is 4.8 and 4.8 for the measurement period June 30, 2019.

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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**Year ended September 30, 2019:**

2020	(\$ 35,562)
2021	(\$ 152,360)
2022	(\$ 74,217)
2023	(\$ 43,983)
Thereafter	(\$ 306,123)

*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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2019 is based on the results of an actuarial valuation date of July 1, 2019.

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

**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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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 January 1, 2017

**Capital Market Assumptions**

	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities:			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income:	3.05%	3.75%	30%	23%-33%
Cash	2.25%	0.90%	0%	0%-5%

	<u>Expected Return</u>	<u>Expected Inflation</u>	<u>Expected Real Return</u>	<u>Expected Risk</u>
<b>Total Fund</b>				
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

\* Expected arithmetic return net of fees and expenses

**Actuarial Assumptions:**

Assumed Inflation - Standard Deviation	3.25%
Portfolio Arithmetic Mean Return	2.00%
	8.42%
Portfolio Long-Term Expected Geometric Rate of Return	
Assumed Investment Expenses	7.50%
<b>Long-Term Expected Geometric Rate of Return Net of Investment Expenses</b>	<u>0.45%</u>
	7.05%



**CITY OF KETCHUM, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2019**

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*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05%, 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 (6.05%) or 1-percentage-point higher (8.05%) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 997,478	\$ 987,602	\$ 977,726

*Pension plan fiduciary net position*

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

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

*Payables to the pension plan*

At September 30, 2019, the City reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**NOTE 13 – SUBSEQUENT EVENTS**

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**



**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- General Fund**  
**for the year ended September 30, 2019**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$ 4,292,095	\$ 4,224,752	\$ 4,224,752	\$ 67,343
Franchises, licenses, permits	702,952	772,608	832,608	(129,656)
State of Idaho shared revenue	966,466	911,680	911,880	54,586
State of Idaho sales tax	102,535	96,661	96,661	5,874
State of Idaho liquor receipts	381,349	378,825	378,825	2,524
State highway user collections	134,319	129,090	129,090	5,229
Penalty and interest on property taxes	13,801	10,000	10,000	3,801
County court and parking fines	99,080	60,125	60,125	38,955
Fees, fines and charges for services	3,291,704	2,965,181	3,135,181	156,523
Grants and contributions	0	0	0	0
Earnings on investments	81,545	30,001	30,001	51,544
Miscellaneous	92,846	78,260	78,260	14,586
<b>Total Revenue</b>	<u>10,158,694</u>	<u>9,657,383</u>	<u>9,887,383</u>	<u>271,311</u>
<b>EXPENDITURES:</b>				
General Government	4,167,474	4,142,313	4,223,313	55,839
Public Safety	3,925,213	3,758,179	3,877,179	(48,034)
Streets	1,987,424	1,918,273	2,133,273	145,849
Capital outlay				
Parks and Recreation	467,643	520,827	520,827	53,184
Transportation				
Affordable Housing				
Debt Service				
<b>Total Expenditures</b>	<u>10,547,754</u>	<u>10,339,592</u>	<u>10,754,592</u>	<u>206,838</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	(389,060)	(682,209)	(867,209)	478,149
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds	1,164,256	979,256	1,164,256	0
Operating transfers (to) other funds	(414,007)	(206,007)	(214,007)	200,000
<b>NET CHANGE IN FUND BALANCES</b>	361,189	91,040	83,040	678,149
<b>FUND BALANCE - BEGINNING</b>	<u>3,043,644</u>	<u>3,043,644</u>	<u>3,043,644</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,404,833</u>	<u>3,134,684</u>	<u>\$ 3,126,684</u>	

**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – City Sales Tax Fund**  
**for the year ended September 30, 2019**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$	\$	\$	\$
Local Option sales taxes	4,973,422	4,532,987	4,717,987	255,435
Franchises, licenses, permits				0
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services				
Grants and contributions				
Earnings on investments	767	1,000	1,000	(233)
Miscellaneous				
	<u>4,974,188</u>	<u>4,533,987</u>	<u>4,718,987</u>	<u>255,201</u>
Total Revenue				
<b>EXPENDITURES:</b>				
General Government	83,087	97,500	97,500	14,413
Public Safety	147,847	143,541	143,541	(4,306)
Streets				
Capital outlay				
Parks and Recreation				
Transportation	3,172,440	3,172,440	3,172,440	0
Affordable Housing				
Debt Service				
	<u>3,403,374</u>	<u>3,413,481</u>	<u>3,413,481</u>	<u>10,107</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	1,570,815	1,120,506	1,305,506	265,309
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds				0
Operating transfers (to) other funds	(1,296,506)	(1,111,506)	(1,296,506)	0
NET CHANGE IN FUND BALANCES	274,309	9,000	9,000	265,309
FUND BALANCE - BEGINNING	<u>379,182</u>	<u>379,182</u>	<u>379,182</u>	
FUND BALANCE - ENDING	<u>\$ 653,491</u>	<u>\$ 388,182</u>	<u>\$ 388,182</u>	

**CITY OF KETCHUM, IDAHO**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- In-Lieu Housing Fund**  
**for the year ended September 30, 2019**

	<u>Actual Amounts</u>	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>				
Property taxes	\$	\$	\$	\$
Local Option sales taxes				
Franchises, licenses, permits				
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
County court fines				
Fees, fines and charges for services	184,760			184,760
Grants and contributions				
Earnings on investments	59,313	34,000	34,000	25,313
Miscellaneous		90,000	90,000	(90,000)
<b>Total Revenue</b>	<u>244,073</u>	<u>124,000</u>	<u>124,000</u>	<u>120,073</u>
<b>EXPENDITURES:</b>				
General Government				0
Public Safety				
Streets				
Capital outlay		1,350,000	2,100,000	(2,100,000)
Parks and Recreation				
Transportation				
Affordable Housing	75,000	75,000	75,000	0
Debt Service				
<b>Total Expenditures</b>	<u>75,000</u>	<u>1,425,000</u>	<u>2,175,000</u>	<u>(2,100,000)</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	169,073	(1,301,000)	(2,051,000)	(1,979,927)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds				
Operating transfers (to) other funds				
<b>NET CHANGE IN FUND BALANCES</b>	169,073	(1,301,000)	(2,051,000)	(1,979,927)
<b>FUND BALANCE - BEGINNING</b>	<u>2,418,519</u>	<u>2,418,519</u>	<u>2,418,519</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 2,587,592</u>	<u>\$ 1,117,519</u>	<u>\$ 367,519</u>	

**CITY OF KETCHUM, IDAHO**  
**PUBLIC EMPLOYEE PENSION INFORMATION**  
For the year ended September 30, 2019

**Required Supplementary Information**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	.0865200%	.0789402%	.0866388%	.0857958%	.0889884%
Employer's proportionate share of the net pension liability	\$ 987,602	\$ 1,179,132	\$ 1,361,816	\$ 1,739,214	\$ 1,171,806
Employer's covered-employee payroll	\$ 3,625,685	\$ 3,742,288	\$ 3,585,052	\$ 3,435,203	\$ 2,691,486
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	27.24%	31.51%	37.99%	50.83%	43.54%
Plan fiduciary net position as a percentage of the total pension liability	3713.73%	3051.24%	1988.07%	1439.94%	1784.56%

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

Data reported is measured as of June 30, 2019

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 441,282	\$ 455,247	\$ 445,468	\$ 425,702	\$ 393,730
Contributions in relation to the statutorily required contribution	\$ (441,282)	\$ (455,247)	\$ 445,468	\$ (425,702)	\$ (393,730)
Contribution (deficiency) excess	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer's covered-employee payroll	\$ 3,625,685	\$ 3,742,288	\$ 3,585,052	\$ 3,435,203	\$ 2,691,486
Contributions as a percentage of covered-employee payroll	12.17%	12.18%	12.43%	12.38%	14.83%

**OTHER  
SUPPLEMENTARY INFORMATION**

**CITY OF KETCHUM, IDAHO**  
**Combining Balance Sheets**  
**Combining Other Governmental Funds**  
**at September 30, 2019**

	<u>General Capital Improvement Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Law Enforce Capital Improvement Fund</u>	<u>Fire/Rescue Capital Improvement Fund</u>
<b>ASSETS:</b>				
Cash and Cash Deposits	\$ 1,234,522	\$ 375,655	\$ 19,181	\$ 244,761
Taxes Receivable				
Due From Other Governments				
<b>Total Assets</b>	<u>\$ 1,234,522</u>	<u>\$ 375,655</u>	<u>\$ 19,181</u>	<u>\$ 244,761</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$	\$	\$	\$
Funds Held in Trust				
Due To Other Funds				
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCE:</b>				
Non-spendable				
Restricted				
Committed				
Assigned	1,234,522	375,655	19,181	244,761
Unassigned				
<b>Total Fund Balance</b>	<u>1,234,522</u>	<u>375,655</u>	<u>19,181</u>	<u>244,761</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,234,522</u>	<u>\$ 375,655</u>	<u>\$ 19,181</u>	<u>\$ 244,761</u>

The accompanying notes are a part of these financial statements.

<u>Parks Capital Improvement Fund</u>	<u>GO Bond Debt Fund</u>	<u>Wagon Days Fund</u>	<u>Police/Fire Trust Fund</u>	<u>Community Development Trust Fund</u>	<u>Park Trust Fund</u>	<u>Total Governmental Funds</u>
\$ 7,217	\$ 3,099	\$ 17,275	\$ 99,851	\$ 56,880	\$ 190,655	\$ 2,249,096
						0
						0
<u>\$ 7,217</u>	<u>\$ 3,099</u>	<u>\$ 17,275</u>	<u>\$ 99,851</u>	<u>\$ 56,880</u>	<u>\$ 190,655</u>	<u>\$ 2,249,096</u>
\$	\$	\$	\$	\$	\$	\$ 0
				56,880		56,880
						0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,880</u>	<u>0</u>	<u>56,880</u>
						0
			99,851		190,655	290,506
						0
7,217	3,099	17,275				1,901,710
						0
<u>7,217</u>	<u>3,099</u>	<u>17,275</u>	<u>99,851</u>	<u>0</u>	<u>190,655</u>	<u>2,192,216</u>
<u>\$ 7,217</u>	<u>\$ 3,099</u>	<u>\$ 17,275</u>	<u>\$ 99,851</u>	<u>\$ 56,880</u>	<u>\$ 190,655</u>	<u>\$ 2,249,096</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Combining Other Governmental Funds**  
**for the year ended September 30, 2019**

	<u>General Capital Improvement Fund</u>	<u>Street Capital Improvement Fund</u>	<u>Law Enforce Capital Improvement Fund</u>	<u>Fire/Rescue Capital Improvement Fund</u>
<b>REVENUE:</b>				
Property taxes	\$	\$	\$	\$
Local Option sales taxes				
Franchises, licenses, permits	268,749			
State of Idaho shared revenue				
State of Idaho sales tax				
State of Idaho liquor receipts				
State highway user collections				
Penalty and interest on property taxes				
Proceeds from sale of assets				
Fees and charges for services	410,374	34,026	784	21,355
Grants and contributions	251,000	5		
Earnings on investments	17,873	8,257	372	9,359
Miscellaneous				
<b>Total Revenue</b>	<u>947,996</u>	<u>42,288</u>	<u>1,156</u>	<u>30,714</u>
<b>EXPENDITURES:</b>				
General Government				
Public Safety				
Streets				
Capital outlay	1,026,590	113,728		290,512
Parks and Recreation				
Transportation				
Affordable Housing				
Debt Service				
<b>Total Expenditures</b>	<u>1,026,590</u>	<u>113,728</u>	<u>0</u>	<u>290,512</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	(78,594)	(71,440)	1,156	(259,798)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds	212,500	48,160		32,000
Operating transfers (to) other funds	<u>(48,160)</u>	<u>0</u>		
<b>NET CHANGE IN FUND BALANCES</b>	85,746	(23,280)	1,156	(227,798)
<b>FUND BALANCE - BEGINNING</b>	<u>1,148,776</u>	<u>398,935</u>	<u>18,025</u>	<u>472,559</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,234,522</u>	<u>\$ 375,655</u>	<u>\$ 19,181</u>	<u>\$ 244,761</u>

The accompanying notes are a part of these financial statements.



<u>Parks Capital Improvement Fund</u>	<u>GO Bond Debt Fund</u>	<u>Wagon Days Fund</u>	<u>Police/Fire Trust Fund</u>	<u>Community Development Trust Fund</u>	<u>Park Trust Fund</u>	<u>Total Governmental Funds</u>
\$	\$	\$	\$	\$	\$	\$
						0
						0
						268,749
						0
						0
						0
						0
						0
						0
						0
7,186		8,479		68,100		550,304
		8,369			29,138	288,512
447	655	307	2,397	20	2,914	42,601
			300			300
<u>7,633</u>	<u>655</u>	<u>17,155</u>	<u>2,697</u>	<u>68,120</u>	<u>32,052</u>	<u>1,150,466</u>
		141,861		68,120		209,981
						0
						0
					14,400	1,445,230
					26,098	26,098
						0
						0
	149,008					149,008
<u>0</u>	<u>149,008</u>	<u>141,861</u>	<u>0</u>	<u>68,120</u>	<u>40,498</u>	<u>1,830,317</u>
7,633	(148,353)	(124,706)	2,697	0	(8,446)	(679,851)
	149,507	132,250			32,500	606,917
(12,500)						(60,660)
(4,867)	1,154	7,544	2,697	0	24,054	(133,594)
<u>12,084</u>	<u>1,945</u>	<u>9,731</u>	<u>97,154</u>	<u>0</u>	<u>166,601</u>	<u>2,325,810</u>
\$ <u>7,217</u>	\$ <u>3,099</u>	\$ <u>17,275</u>	\$ <u>99,851</u>	\$ <u>0</u>	\$ <u>190,655</u>	\$ <u>2,192,216</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2019**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
<b>General Obligation Bond:</b>				
<b>\$1,550,000 General Obligation Bonds</b>				
Series June 5, 2007				
3.72% - 4.43%				
	4.38%	2020	\$ 137,000	\$ 12,336
	4.43%	2021	143,000	6,335
			\$ 280,000	\$ 18,671

The accompanying notes are a part of these financial statements

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2019**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Water Revenue Bond:				
Water Refunding Bond 2016				
\$ 1,697,000, September 8, 2016				
1.74%				
	1.74%	2020	\$ 145,000	\$ 22,064
	1.74%	2021	151,000	19,540
	1.74%	2022	152,000	16,912
	1.74%	2023	157,000	14,269
	1.74%	2024	162,000	11,537
	1.74%	2025	162,000	8,717
	1.74%	2026	166,000	5,899
	1.74%	2027	173,000	3,010
			<u>\$ 1,268,000</u>	<u>\$ 101,948</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2019**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
Water Revenue Bond				
Water Revenue Refunding Bonds 2015 \$2,310,000, September 2, 2015 2.00% - 5.00%				
	3.00%	2020	\$ 30,000	\$ 109,475
	3.00%	2021	30,000	108,575
	4.00%	2022	30,000	107,675
	3.25%	2023	30,000	106,475
	5.00%	2024	30,000	105,500
	5.00%	2025	35,000	104,000
	5.00%	2026	35,000	102,250
	5.00%	2027	30,000	100,500
	5.00%	2028	255,000	99,000
	5.00%	2029	270,000	86,250
	5.00%	2030	285,000	72,750
	5.00%	2031	295,000	58,500
	5.00%	2032	310,000	43,750
	5.00%	2033	330,000	28,250
	5.00%	2034	235,000	11,750
			<u>\$ 2,230,000</u>	<u>\$ 1,244,700</u>

The accompanying notes are a part of these financial statements.

**CITY OF KETCHUM, IDAHO**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2019**

Wastewater Revenue Bond:	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
<b>Wastewater Revenue Refunding Bonds 2014</b>				
\$1,950,000, November 18, 2014				
2.00% - 5.00%				
	5.00%	2020	\$ 195,000	\$ 65,750
	5.00%	2021	205,000	56,000
	5.00%	2022	215,000	45,750
	5.00%	2023	220,000	35,000
	5.00%	2024	230,000	24,000
	5.00%	2025	250,000	12,500
			\$ 1,315,000	\$ 239,000

The accompanying notes are a part of these financial statements

# WORKMAN & COMPANY

Office of  
Accounting

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

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

November 9, 2019

To the City Council  
City of Ketchum, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ketchum, Idaho, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Ketchum, Idaho's basic financial statements, and have issued our report thereon dated November 9, 2019.

### Internal Control over Financial Reporting

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

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

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

### Compliance and Other Matters

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

Report Continued—

**Purpose of this Report**

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

*Workman & Company*

WORKMAN AND COMPANY  
Certified Public Accountants  
Twin Falls, Idaho

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**APPENDIX B**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

Upon the delivery of the 2020 Bonds, Skinner Fawcett LLP, Bond Counsel to the City, propose to issue its final approving opinion in substantially the following form:

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**SKINNER FAWCETT LLP**  
LAW OFFICES

RICHARD A. SKINNER  
CHARLES W. FAWCETT  
DENNIS GIBALA  
HENRY C. RUDOLPH  
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E-MAIL: [jmdevitt@skinnerfawcett.com](mailto:jmdevitt@skinnerfawcett.com)

\_\_\_\_\_, 2020

City of Ketchum  
Ketchum, Idaho

RE: City of Ketchum, Blaine County, State of Idaho, General Obligation Bonds,  
Series 2020

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Ketchum, Blaine County, State of Idaho (the "Issuer"), of \$10,870,000 aggregate principal amount of General Obligation Bonds, Series 2020 dated \_\_\_\_\_, 2020 (the "Bonds") pursuant to Bond Ordinance No. 1206 adopted by the City Council of the Issuer on February 18, 2020 (the "Bond Ordinance"), which Bonds are being issued to provide funds for the construction and equipping of a new fire station, the acquisition of certain firefighting equipment and apparatus, and all other related costs, items and appurtenances necessary, useful and convenient for the betterment of the Issuer's fire safety facilities, as otherwise determined by the Issuer. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. We have reviewed and relied upon the opinion of White, Peterson, Gigray & Nichols, P.A. with respect to paragraph 1 below.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or events occurring after the date hereof. We have not undertaken to determine or to inform any person, whether any such actions or events are taken or do occur. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. We disclaim any obligation to update this letter. Also, in examining the documents and matters referred to herein, we have not undertaken to independently verify the accuracy of the factual matters represented, warranted or certified in such documents and we have assumed compliance with the covenants and agreements contained in the Bond Ordinance and the Tax Certificate for the Bonds. For example, the Bond Ordinance and the Tax Certificate contain covenants and agreements as to requirements of the Internal Revenue Code that will be met; the Issuer has covenanted in the Bond Ordinance and the Tax Certificate to take all reasonable steps to comply with such requirements; and we have assumed continuing compliance in rendering our opinion with respect to the tax-exempt status of the interest paid on the Bonds. Finally, we call attention to the fact that the rights and obligations under the Bonds and the Bond Ordinance are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution,

penalty, choice of law, waiver or severability provisions contained in the foregoing documents. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Ordinance.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are valid and binding full faith and credit general obligations of the Issuer.
2. All taxable property in the territory of the Issuer is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.
3. Assuming continuous compliance with certain covenants and representations contained in the Bond Ordinance and the Tax Certificate, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, (the "Code"), as amended and is exempt from State of Idaho personal income tax. Interest on the Bonds is not included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws. We express no opinion regarding other federal or state tax consequences related to the accrual or receipt of interest on the Bonds.

This opinion is furnished solely for your benefit and may not, without our express written consent, be relied upon by any other person. It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. As bond counsel we are passing only upon those matters set forth in this opinion and are not passing upon the accuracy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds, or upon any other federal or state of Idaho tax consequences arising from the ownership of the Bonds.

Very truly yours,

**SKINNER FAWCETT LLP**

**APPENDIX C**

**PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**

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## CONTINUING DISCLOSURE AGREEMENT

### CITY OF KETCHUM, BLAINE COUNTY, STATE OF IDAHO GENERAL OBLIGATION BONDS, SERIES 2020

(CUSIP Base Number 492638)

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is executed and delivered by the City of Ketchum, Blaine County, Idaho (the “Issuer”) and Zions Bancorporation, National Association (the “Dissemination Agent”), as of the date set forth below in order for the Issuer to authorize and direct the Dissemination Agent, as the agent of the Issuer, to make certain information available to the public in compliance with Section (b)(5)(i) of Rule 15c2-12, as hereinafter defined.

#### WITNESSETH:

1. **Background.** The Issuer has resolved to issue its General Obligation Bonds, Series 2020 (the “Bonds”). The Bonds are issued pursuant to Ordinance No. 1206, adopted by the City Council of the Issuer on February 18, 2020 (the “Ordinance”), which names Dissemination Agent as the as paying agent and registrar, all as further described in the Official Statement prepared in connection with the issuance of the Bonds. The CUSIP number assigned to the final maturity of the Bonds is 492638 CJ8.

2. **Appointment of Dissemination Agent.** The Issuer hereby appoints the Dissemination Agent and any successor Dissemination Agent acting as such under the Ordinance as its agent under this Agreement to disseminate the financial information and notices furnished by the Issuer hereunder in the manner and at the times as herein provided and to discharge the other duties assigned.

3. **Information to be Furnished by the Issuer.** The Issuer hereby covenants for the benefit of the registered and beneficial owners of the Bonds that, as long as any of the Bonds are outstanding under the Ordinance, the Issuer will deliver the following information to the Dissemination Agent:

a. Within 180 days after the end of the Issuer’s fiscal year, beginning with fiscal year ended September 30, 2020, the audited financial statements of the Issuer prepared in accordance with generally-accepted accounting principles, together with the report thereon of the Issuer’s independent auditors. If audited financial statements are not available by the time specified herein, unaudited financial statements will be provided and audited financial statements will be provided when, and if, available. The Issuer shall include with each submission a written representation addressed to the Dissemination Agent to the effect that the financial statements are the financial statements required by this Agreement and that they comply with the applicable requirements of this Agreement. For the purposes of determining whether information received from the Issuer is the required financial statements, the Dissemination Agent shall be entitled conclusively to rely on the Issuer’s written representation made pursuant to this Section.

b. Within 180 days after the end of the Issuer’s fiscal year, beginning with fiscal year ended September 30, 2020, the other financial, statistical and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical and operating data contained in the Issuer’s Official Statement, specifically the tables and/or information contained under the following tables and headings of the Official Statement:

#### DEBT STRUCTURE OF THE CITY OF KETCHUM, IDAHO

- Outstanding Municipal Debt: “Outstanding General Bonded Indebtedness” (pg. 15); “Outstanding Water Revenue Bonded Indebtedness” (pg. 16); “Outstanding Wastewater Revenue Bonded Indebtedness” (pg. 16)
- Debt Service Schedule of Outstanding General Obligation Bonds By Fiscal Year (pg. 17)
- Debt Service Schedule of Outstanding Water Revenue Bonds By Fiscal Year (pg. 18)
- Debt Service Schedule of Outstanding Wastewater Revenue Bonds By Fiscal Year (pg. 18)
- Overlapping and Underlying General Obligation Debt (pg. 19)
- Debt Ratios (pg. 19)
- General Obligation Legal Debt Limit and Additional Debt Incurring Capacity (pg. 20)

#### FINANCIAL INFORMATION REGARDING THE CITY OF KETCHUM, IDAHO

- Financial Summaries: “Statement of Net Position - Primary Government” (pg. 22); “Statement of Activities – Total Primary Government” (pg. 23); “Balance Sheet – Governmental Fund Types” (pg. 24); “Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Types – General Fund” (pg. 25)
- Direct and Overlapping Tax Rates of the City (pg. 26)
- Taxable Value of Property (pg. 27)
- Tax Collection Record (pg. 28)
- The Largest Taxpayers of the City (pg. 28)

c. The Dissemination Agent shall provide notice to the Issuer of its requirement to provide the information listed in Sections 3.a. and 3.b. at least thirty (30) days prior to the date such information is to be provided to the Dissemination Agent by the Issuer. Any or all of the items listed above in Sections 3.a. or 3.b. may be incorporated by reference from other documents, including official statements of debt issues of the Issuer which have been previously submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference. In the event Issuer is unable or fails to provide the required annual financial information specified in Sections 3.a. and 3.b. above on or before the date specified therein, Issuer shall timely submit to the Repository notice of such failure in the form attached hereto as Exhibit A.

d. Within ten (10) business days after the occurrence of the event, written notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;<sup>1</sup>

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<sup>1</sup> For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has



(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

e. The Dissemination Agent shall promptly advise the Issuer whenever, in the course of performing its duties under the Ordinance, the Dissemination Agent identifies an occurrence listed above which may require the Issuer to provide a notice of the occurrence of any of the events listed in Section 3.f. above; provided that the failure of the Dissemination Agent so to advise the Issuer of such occurrence shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities hereunder or under the Ordinance. The Dissemination Agent shall only send notice of such event listed in Section 3.d. above to the Repository if such written notice is provided to it by the Issuer, and in no event shall the Dissemination Agent be required to determine the materiality of such event.

#### **4. Manner and Time by Which Information is to be Made Public by the Dissemination Agent.**

a. The information required to be delivered to the Dissemination Agent pursuant to Sections 3.a. and 3.b. hereof shall be referred to as the Continuous Disclosure Information (the “Continuous Disclosure Information”), and the notices required to be delivered to the Dissemination Agent pursuant to Section 3.d. hereof shall be referred to as the Event Information (the “Event Information”).

b. After the receipt of any Continuous Disclosure Information or any Event Information, the Dissemination Agent will deliver the information as provided in the following Section 4.c.

c. It shall be the Dissemination Agent's duty:

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assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (1) to deliver the Continuous Disclosure Information to the Repository once it is received from the Issuer not later than five (5) days after receipt thereof;
- (2) to deliver the Event Information to the Repository immediately upon receipt from the Issuer, and in any event not more than two business days following receipt from Issuer;
- (3) to determine the identity and address of the then existing Repository to which Continuous Disclosure Information and Event Information must be sent under rules and regulations promulgated by the MSRB or by the SEC.

d. The Dissemination Agent shall have no duty or obligation to disclose to the Repository any information other than (i) Continuous Disclosure Information that the Dissemination Agent actually has received from the Issuer and (ii) Event Information about which the Dissemination Agent has received written notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Agreement. The Dissemination Agent's duties and obligations are only those specifically set forth in this Agreement, and the Dissemination Agent shall have no implied duties or obligations.

e. All Continuous Disclosure Information and Event Information, or other financial information and notices pursuant to this Agreement are to be provided to the Repository in electronic PDF format (word-searchable) as prescribed by the MSRB. All documents provided to the MSRB pursuant to this Agreement must be accompanied by identifying information as prescribed by the MSRB.

## **5. Indemnification.**

a. The Dissemination Agent shall have no obligation to examine or review the Continuous Disclosure Information and shall have no liability or responsibility for the form of, or the accurateness or completeness of, the Continuous Disclosure Information or Event Information disseminated by the Dissemination Agent hereunder. The Dissemination Agent's duties under this Agreement are ministerial in nature. The Continuous Disclosure Information shall contain a legend to such effect. The Dissemination Agent shall have the same rights, protections, and immunities hereunder as provided to it as a trustee under the Ordinance.

b. The Issuer hereby agrees to hold harmless and to indemnify the Dissemination Agent, its employees, officers, directors, agents and attorneys from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees and expenses, whether incurred before trial, at trial, or on appeal, or in any bankruptcy or arbitration proceedings), which may be incurred by the Dissemination Agent by reason of or in connection with the disclosure of information in accordance with this Agreement, except to the extent such claims, damages, losses, liabilities, costs or expenses result directly from the willful or negligent conduct of the Dissemination Agent in the performance of its duties under this Agreement. This Section 5.b shall survive the termination of the Agreement, payment of the Bonds, and the removal or resignation of the Dissemination Agent.

c. In no event shall Dissemination Agent be liable for special, indirect, or consequential losses or damages of any kind whatsoever (including but not limited to lost profits) even if Dissemination Agent has previously been advised of such losses and damages.

6. **Compensation.** The Issuer hereby agrees to compensate the Dissemination Agent for the services provided and the expenses (including legal fees and expenses) incurred pursuant to this Agreement in an amount to be agreed upon from time to time hereunder. Such compensation shall be in addition to any fees previously agreed upon with respect to the services of Zions Bancorporation, National Association, in its capacity as Trustee under the Ordinance.

7. **Enforcement.** The obligations of the Issuer under this Agreement shall be for the benefit of the registered and beneficial holders of the Bonds. Any holder of the Bonds then outstanding, including any Beneficial Owner of the Bonds (as defined in the Ordinance), may enforce specific performance of such obligations by any judicial proceeding available. However, any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default under the Ordinance.

This Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

8. **Definitions.** As used herein, the following terms shall have the following meanings:  
“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“obligated person” as defined in Rule 15c2-12 shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the municipal securities to be sold in the offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Official Statement” shall mean the final Official Statement of the Issuer dated March \_\_, 2020.

“Ordinance” means Ordinance No. 1206 of the Issuer pursuant to which the Bonds have been authorized and issued.

“Repository” shall mean MSRB through its Electronic Municipal Market Access system (“EMMA”) at <http://emma.msrb.org>, or such other nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12.

“Rule 15c2-12” shall mean Rule 15c2-12, as amended, promulgated by the SEC under the Securities Exchange Act of 1934, and as amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

**9. Amendments and Termination; Resignation of Dissemination Agent.** This Agreement may be amended with the mutual agreement of the Issuer and the Dissemination Agent and without the consent of any registered or beneficial holders of the Bonds under the following conditions, as evidenced by receipt of an opinion of nationally recognized bond counsel delivered to the Dissemination Agent opining as to the following:

a. the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

b. this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

c. the amendment does not materially impair the interests of holders of the Bonds, as determined by parties unaffiliated with the Issuer (such as the Dissemination Agent or nationally recognized bond counsel).

Any party to this Agreement may terminate this Agreement by giving written notice of an intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Dissemination Agent may resign as Dissemination Agent by giving written notice of intent to resign to the Issuer at least ninety (90) days prior to resignation.

The undertaking contained in this Agreement shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid in full pursuant to the terms of the Ordinance; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written undertaking (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Dissemination Agent, otherwise, do not apply to the Bonds. The Issuer shall notify the Repository if this Agreement is terminated pursuant to (iii), above.

**10. Successor Dissemination Agent.** Upon the transfer of the duties created under the Ordinance from the current Dissemination Agent to a successor Dissemination Agent, such successor Dissemination Agent shall succeed to the duties under this Agreement without any further action on the part of any party, and the then current Dissemination Agent shall have no further duties or obligations upon the transfer to a successor Dissemination Agent. Such Successor Dissemination Agent may terminate this Agreement or cause it to be amended as provided in paragraph 9.

**11. Additional Information.** Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating (or from causing the Dissemination Agent to disseminate) any other

information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Continuous Disclosure Information or notice of the occurrence of any Event Information, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Continuous Disclosure Information or Event Information in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Continuous Disclosure Information or notice of occurrence of any Event Information.

If the Issuer provides to the Dissemination Agent information relating to the Issuer or the Bonds, which information is not designated as Event Information, and directs the Dissemination Agent to provide such information to the Repository, the Dissemination Agent shall provide such information in a timely manner to the Repository

**12. Notices.** All notices and communications required hereunder shall be in writing and shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Agreement may designate from time to time. Any notice or communication hereunder shall be deemed duly given if in writing and delivered either in person, by overnight mail, or by first class mail, postage prepaid.

**13. Counterparts.** This Agreement may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Agreement.

**14. Governing Law.** This Agreement shall be governed by the laws of the State of Idaho.

[The following page is the signature page.]

IN WITNESS WHEREOF, the Issuer and the Dissemination Agent have caused this Agreement to be executed and delivered by a duly authorized officer of each of them, all as of this March \_\_, 2020.

**ISSUER:**

**CITY OF KETCHUM,  
BLAINE COUNTY, IDAHO**

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Grant Gager, Director of Finance

Notice Address:

480 East Ave. N.  
Ketchum, Idaho 83350  
Attn: Director of Finance

**DISSEMINATION AGENT:**

**ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION**

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Twyla D. Lehto, Senior Vice President  
Zions Bank Division

Notice Address:

800 W. Main Street, Ste 700  
Boise, Idaho 83702  
Attn: Corporate Trust

**EXHIBIT A**  
**FORM OF NOTICE OF THE MUNICIPAL SECURITIES RULEMAKING BOARD OF  
FAILURE TO FILE ANNUAL REPORT**

Name of Issuer:                   City of Ketchum, Blaine County, Idaho  
Name of Bond Issue:            General Obligation Bonds, Series 2020  
Date of Issuance:               March \_\_, 2020

NOTICE IS HEREBY GIVEN that the above referenced Issuer has not provided an Annual Report with respect to the above captioned Bonds as required by Section 3 of the Continuing Disclosure Agreement, between the Issuer and Zions Bancorporation, National Association, as Dissemination Agent, dated the Date of Issuance. The Issuer has notified the Dissemination Agent that it anticipates the Annual Report will be filed on or about \_\_\_\_\_.

Dated: \_\_\_\_\_

ZIONS BANCORPORATION, NATIONAL  
ASSOCIATION, as Dissemination Agent, on behalf of the  
Issuer

By: \_\_\_\_\_

Name: \_\_\_\_\_

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

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## APPENDIX D

### BOOK-ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [dtcc.com](http://dtcc.com).

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to

obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2020 Bonds purchased or tendered, through its Participant, to the Remarketing Agent, and shall effect delivery of such 2020 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2020 Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of 2020 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2020 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2020 Bonds to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2020 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2020 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*

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