CITY OF ARIMO, IDAHO

Financial Statements

Year Ended September 30, 2024

CITY OF ARIMO, IDAHO
Financial Statements
For the year ended September 30, 2024

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WORKMAN & COMPANY | Office of Accounting

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INDEPENDENT AUDITOR'S REPORT

November 19, 2024

To the City Council
City of Arimo, Idaho
Arimo, Idaho

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Arimo, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Arimo, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

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

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

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

Report Continued—

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 22-23 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Arimo, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements with the schedule of long-term debt payments on pages 24-28 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the City of Arimo, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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Workman & Company

Certified Public Accountants
Twin Falls, Idaho

CITY OF ARIMO, IDAHO
Statement of Net Position
at September 30, 2024

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current Assets:			
Cash and Deposits	$ 316,784	$ 58,999	$ 375,783
Property Taxes Receivable	4,908		4,908
Due From Other Governments	17,922		17,922
Accounts Receivable		8,402	8,402
Total Current Assets	339,614	67,401	407,015
Non-Current Assets:			
Land and Buildings	62,997	13,000	75,997
Water System		2,165,587	2,165,587
Public Safety	140,592		140,592
Equipment	130,922	10,000	140,922
Vehicles	30,000		30,000
Infrastructure - Roads, Sidewalks, Street Lights	1,293,283		1,293,283
Totals	1,657,794	2,188,587	3,846,381
Accumulated Deprecation	(469,241)	(1,226,763)	(1,696,004)
Total Non-Current Assets	1,188,553	961,824	2,150,377
Other Assets:			
Restricted Cash and Deposits		131,360	131,360
Total Assets	1,528,167	1,160,585	2,688,752
LIABILITIES			
Current Liabilities:			
Accounts and Payroll Liabilities Payable	1,451	0	1,451
Interest Payable	1,084	13,375	14,459
Due or Payable Within One Year - Bonds	21,321	24,903	46,224
Total Current Liabilities	23,856	38,278	62,134
Long-term Liabilities:			
Bonds Payable, Less Current Portion	256,402	360,916	617,318
Total Liabilities	280,258	399,194	679,452
NET POSITION			
Invested in Capital Assets - net of related debt	910,830	562,630	1,473,460
Restricted For:			
Debt Service		131,360	131,360
Other Purposes			0
Unrestricted	337,079	67,401	404,480
Total Net Position	$ 1,247,909	$ 761,391	$ 2,009,300

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Statement of Activities
For the Year Ended September 30, 2024

Activities:	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business Type Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental:						
General Government	$ 79,767	$ 4,084	$ 5,302	$ (70,381)		$ (70,381)
Public Safety	2,573			(2,573)		(2,573)
Highways and Streets	9,703			(9,703)		(9,703)
Cultural and Recreation	27,494	829		(26,665)		(26,665)
Interest on Long-term Debt	10,945			(10,945)		(10,945)
Depreciation	44,460			(44,460)		(44,460)
Total Governmental Activities	174,942	4,913	5,302	(164,727)		(164,727)
Business Type:						
Water	86,691	84,061			$ (2,630)	(2,630)
Garbage	23,362	27,797			4,435	4,435
Interest - on long-term debt	16,943				(16,943)	(16,943)
Total Business-type Activities	126,996	111,858	0		(15,138)	(15,138)
Total City of Arimo, Idaho	$ 301,938	$ 116,771	$ 5,302	(164,727)	(15,138)	(179,865)
General Revenues:						
Taxes						
Property Taxes, Levied for General Purposes				82,355		82,355
State Revenue				30,072		30,072
Highway Users				37,170		37,170
State Liquor				14,832		14,832
Miscellaneous				1,957		1,957
Earnings on investments						
General Fund				17,494		17,494
Other Fund					7,736	7,736
Total general revenues and transfers				183,880	7,736	191,616
Changes in net position				19,153	(7,402)	11,751
Net Position - Beginning				1,228,756	768,793	1,997,549
Net Position - Ending				$ 1,247,909	$ 761,391	$ 2,009,300

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Balance Sheet
Governmental Funds
for the year ended September 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Deposits	$ 308,263	$ 8,521	$ 316,784
Taxes Receivable	4,908		4,908
Due From Other Funds	15,770		15,770
Due From Other Governments	17,922		17,922
Total Assets	$ 346,863	$ 8,521	355,384
LIABILITIES:			
Accounts Payable	0		0
Accrued Payroll Expenses	1,451		1,451
Due To Other Funds		15,770	15,770
Total Liabilities	1,451	15,770	17,221
FUND BALANCE:			
Non-spendable			0
Restricted			0
Committed			0
Assigned	71,799		71,799
Unassigned	273,613	(7,249)	266,364
Total Fund Balance	345,412	(7,249)	338,163
Total Liabilities and Fund Balance	$ 346,863	$ 8,521	$ 355,384

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is $ 1,657,794 and the accumulated depreciation is $ 469,241.	1,188,553
Governmental fund long-term debt and interest is not payable in the current period and therefore is not reported in the funds	(278,807)
Net Position of Governmental Funds	$ 1,247,909

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUE:			
Property Taxes	$ 50,816	$ 31,539	$ 82,355
State Highway Users	37,170		37,170
State Revenue Sharing	30,072		30,072
Licenses and Permits	4,084		4,084
Park Fees	829		829
State Liquor	14,832		14,832
Public Safety	0		0
Interest Income	17,494		17,494
Grants and Donations	5,302		5,302
Refunds and Rebates Intermountain Gas		1,930	1,930
Miscellaneous	27		27
Total Revenue	160,626	33,469	194,095
EXPENDITURES:			
General Government	79,767		79,767
Public Safety	2,573		2,573
Highway and Streets	20,703		20,703
Cultural and Recreation	27,494		27,494
Debt Service Payments		31,540	31,540
Total Expenditures	130,537	31,540	162,077
EXCESS REVENUE (EXPENDITURES)	30,089	1,929	32,018
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds			0
Operating transfers (to) other funds			0
NET CHANGE IN FUND BALANCES	30,089	1,929	32,018
FUND BALANCE - BEGINNING	315,323	(9,178)	306,145
FUND BALANCE - ENDING	$ 345,412	$ (7,249)	$ 338,163

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, 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, 2024

Net Change in Fund Balance - Total Governmental Funds (Page 6)	$	32,018
Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.		
This is the amount of current year depreciation.		(44,460)
This is the amount of new Governmental Fund assets.		11,000
This is the amount of disposed of Governmental Fund assets.		0
This is the net amount of principal payments and accrued interest on long-term debt		20,595
Change in Net Position of Governmental Activities (Page 4)	$	19,153

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Statement of Net Position
Proprietary Funds
at September 30, 2024

	Water	Garbage	Totals
Assets:			
Current Assets:			
Cash and Deposits	$ 18,958	$ 40,041	$ 58,999
Accts receivable - customers	6,196	2,206	8,402
Total Current Assets	25,154	42,247	67,401
Capital Assets:			
Property, Plant and Equipment	2,188,587		2,188,587
Accumulated depreciation	(1,226,763)		(1,226,763)
Net Property, Plant and Equipment	961,824	0	961,824
Other Assets:			
Restricted Cash and Deposits	131,360		131,360
Total Assets	1,118,338	42,247	1,160,585
Liabilities:			
Current Liabilities:			
Accounts Payable			0
Interest Payable	13,375		13,375
Current portion long-term debt	24,903		24,903
Total Current Liabilities	38,278	0	38,278
Noncurrent Liabilities:			
Bonds Payable, Net of Current Portion	360,916	0	360,916
Total noncurrent liabilities	360,916	0	360,916
Total Liabilities	399,194	0	399,194
Net Position:			
Investment in capital assets net of related debt	562,630		562,630
Restricted	131,360		131,360
Unrestricted	25,154	42,247	67,401
Total Net Position	$ 719,144	$ 42,247	$ 761,391

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
for the year ended September 30, 2024

	Water	Garbage	Totals
Operating Revenues:			
Charges for services	$ 84,061	$ 27,797	$ 111,858
Reimbursements and Misc.	0	0	0
Total Operating Revenue	84,061	27,797	111,858
Operating Expenses:			
Testing	1,405		1,405
Administration	15,318	650	15,968
Maintenance	10,508		10,508
Utilities	5,321		5,321
Contract Services		22,712	22,712
Depreciation	54,139		54,139
Total Operating Expenses	86,691	23,362	110,053
Operating Income (Loss)	(2,630)	4,435	1,805
Nonoperating Revenues (Expenses):			
Interest Income	6,770	966	7,736
Interest Expense	(16,943)		(16,943)
Total Nonoperating	(10,173)	966	(9,207)
Income (Loss) before transfers	(12,803)	5,401	(7,402)
Transfers in			0
Transfers out			0
Net Income (Loss)	(12,803)	5,401	(7,402)
Total Net Position - Beginning	731,947	36,846	768,793
Total Net Position - Ending	$ 719,144	$ 42,247	$ 761,391

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Statement of Cash Flows
Proprietary Funds
for the year ended September 30, 2024

	Water Fund	Garbage Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers	$ 83,636	$ 27,685	$ 111,321
Payments to suppliers and labor	(32,553)	(23,362)	(55,915)
Other receipts	0	0	0
Net cash provided (used) by operations	51,083	4,323	55,406
Cash Flows From Capital and Related Financing Activities:			
Purchase and construction of capital assets			0
Principal paid on capital debt	(23,862)		(23,862)
Interest paid on capital debt	(17,781)		(17,781)
Net cash provided (used) by capital and related financing activities	(41,643)	0	(41,643)
Cash Flows From Investing Activities:			
Interest Income	6,770	966	7,736
Net Increase in Cash and Deposits	16,210	5,289	21,499
Balances - Beginning of the year	134,108	34,752	168,860
Balances - Ending of the year	$ 150,318	$ 40,041	$ 190,359
Displayed as:			
Cash and Deposits	18,958	34,752	53,710
Restricted Assets	131,360	0	131,360
Balances - Ending of the year	$ 150,318	$ 34,752	$ 185,070
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(2,630)	4,435	1,805
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	54,139		54,139
Changes in assets and liabilities:			
Receivables, net	(426)	(112)	(538)
Accounts and other payables		0	0
Net Cash Provided (Used) by Operating Activates	$ 51,083	$ 4,323	$ 55,406

The accompanying notes are a part of these financial statements.

NOTE A – SUMMARY OF ACCOUNTING POLICIES

The accounting policies of the City of Arimo conform to generally accepted accounting principles as applicable to governments. A summary of the City's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. REPORTING ENTITY

The general-purpose financial statements included herein present the financial position, results of operations and changes in fund balance/retained earnings, and changes in cash flows of the proprietary fund types of the City of Arimo. The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of the City Council of the City of Arimo.

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

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibility.

Based upon the application of these criterions, there are no other boards, councils, or component units for which the City of Arimo exercises authority.

2. BASIS OF PRESENTATION

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for 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.

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

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, including its fiduciary funds and blended component units. 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. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City's reports the following governmental funds:

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

Street and Alley Fund. To account for the operations and maintenance of the Street Maintenance Department.

Park Fund. To account for the operations of the park.

Debt Service Fund. To account for the repayment of the general obligation bond that finances the gas line.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

GOVERNMENT-WIDE, PROPRIETARY, AND FIDUCIARY FUND FINANCIAL STATEMENTS. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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. Non-exchange 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.

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

4. BUDGETS AND BUDGETARY ACCOUNTING

The City of Arimo 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 to 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 City 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.

5. ENTITY CLASSIFCATIONS

A. City-Wide Financial Statements – The City reports net assets 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, on 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.

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

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.

6. ESTIMATES

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

7. ASSETS, LIABILITIES, AND EQUITY

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City Clerk for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30, 2024, 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 Cash Equivalents

The City considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the Cash 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 cash equivalent.

Receivables and Payables

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2001 consist of the road network assets that were acquired or that received substantial improvement to

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSET CLASS	ESTIMATED USEFUL LIVES
Infrastructure	30-50
Buildings	50
Building improvements	20
Vehicles	2-15
Office equipment	3-15
Computer equipment	3-15

NOTE B – 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, none of the City's bank balances were exposed to custodial credit risk because it was insured by the FDIC.

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

Investment Type	
Idaho State Local Government Investment Pool	$ 324,781

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.

NOTE B – CASH AND INVESTMENTS – CONTINUED

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".

Deposits and deposits are carried at fair value. A reconciliation of cash and deposits at September 30, 2024, as shown on the financial statements is as follows:

Carrying amount of deposits	$ 182,361
Carrying amount of investments	324,781
Total cash and investments	$ 507,142

1. Deposits:
   At September 30, 2024, the City had the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
City of Arimo	$ 182,361	$ 182,361	$ 182,361

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, governments' deposits may not be returned to it. The City does not have a formal deposit policy for custodial risk. At September 30, 2024, all of the City's bank deposits were insured and collateralized.

a. Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to interest rate risk by complying with the Idaho Code which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested.
b. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the Idaho Code and related rules. The City has no investment policy that would further limit its investment choices.
c. Concentration of Credit Risk – Concentration of credit risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for managing this risk is to comply with the Code and related rules.
d. Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counter party, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy for managing this risk is to comply with the Idaho Code and related rules. The City places no other limit on the amount of investments to be held by counter parties. As of September 30, 2024, none of the government's bank balance of $ 105,482 was exposed to custodial credit risks.

NOTE B – CASH AND INVESTMENTS – CONTINUED

Depository Account	Bank Balance
Insured	$ 187,224
Collateralized:	
Collateral held by City's agent in the City's name	324,781
Collateral held by pledging bank's trust department In the City's name	0
Collateral held by pledging bank's trust department Not in the City's name	0
Uninsured and uncollateralized	0
Total Deposits	$ 512,005

NOTE C – RECEIVABLES

Receivables as of year-end for the City's governmental individual major funds and non-major funds in the aggregate are as follows:

	General Fund	Street & Alley Fund	Park	Other Gov't Fund	Total Gov't Fund
Property Taxes	$ 4,908	$ 0	$ 0	$ 0	$ 4,908
Other Governments	13,715	4,207	0	0	17,922
	$ 18,623	$ 4,207	$ 0	$ 0	$ 22,830

Government funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year deferred revenues reported in the governmental funds were immaterial to the financial statements and therefore:

	Unavailable
Delinquent Property Taxes Receivable	
General Fund	$ 0
Park	0
Other non-major funds	0
Total Deferred Revenue Governmental Funds	$ 0

NOTE D – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Changes in property, plant and equipment are summarized as follows:

NOTE D – PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$ 13,400	$	$	$ 13,400
Construction in Progress	0			0
Total	13,400	0	0	13,400
Capital Assets being depreciated:				
Buildings	49,597			49,597
Public Safety	140,592			140,592
Equipment	119,922	11,000		130,922
Vehicles	30,000			30,000
Roads & Infrastructure	1,293,283			1,293,283
Total	1,633,394	11,000	0	1,644,394
Less: Accumulated Depreciation:				
Buildings	(42,151)	(1,240)		(43,391)
Public Safety	(132,764)	(1,609)		(134,373)
Equipment	(60,655)	(14,014)		(74,669)
Vehicles	(27,000)	(1,200)		(28,200)
Roads & Infrastructure	(162,211)	(26,397)		(188,608)
Total Accumulated Depreciation	(424,781)	(44,460)	0	(469,241)
Governmental capital assets, net	$ 1,222,013	$ (33,460)	$ 0	$ 1,188,553
Business-type activities:				
Capital Assets not being depreciated:				
Land	$ 1,300	$	$	$ 1,300
Construction in Progress				0
Total	1,300	0	0	1,300
Capital Assets being depreciated:				
Buildings	11,700			11,700
Equipment	10,000			10,000
Distribution System	2,165,587			2,165,587
Total	2,187,287	0	0	2,187,287
Less: Accumulated Depreciation	(1,172,624)	(54,139)		(1,226,763)
Total Net Depreciated Assets	1,014,663	(54,139)	0	960,524
Business-type capital assets, net	$ 1,015,963	$ (54,139)	$ 0	$ 961,824

NOTE E – CHANGES IN GENERAL LONG-TERM OBLIGATIONS

During the year ended September 30, 2024, the following changes occurred in liabilities reported in the general long-term debt account group and all Enterprise funds.

City of Arimo Long-Term Debt	Beginning Balance	Additions	Deletions	Ending Balance
Water Revenue Bonds - Series 2004-A	$ 235,024		(15,212)	$ 219,812
City of Arimo - Water Bond - Series #91-06	174,657		(8,650)	166,007
General Obligation USDA Bond 2015	298,238		(20,515)	277,723
Totals	707,919	0	(44,377)	663,542

The following is a schedule of the five-year and beyond amortization of the City's long-term debt:

Water Revenue Bonds - Series 2004-A	Fiscal Year Ended	Principal
	2025	$ 15,896
	2026	16,611
	2027	17,359
	2028	18,142
	2029	18,957
	2030-2035	132,847
Total		$ 219,812

City of Arimo Water Bond - Series #91-06	Fiscal Year Ended	Principal
	2025	$ 9,007
	2026	9,379
	2027	9,766
	2028	10,169
	2029	10,588
	2030-2038	117,098
Total		$ 166,007

Debt Schedules Continued -

City of Arimo General Obligation USDA Bond - Series 2015	Fiscal Year Ended	Principal
	2025	$ 21,321
	2026	22,128
	2027	22,966
	2028	23,814
	2029	24,736
	2030-2035	162,758
Total		$ 277,723

NOTE F – PROPERTY TAXES

The City of Arimo is located in Bannock County, Idaho.

Idaho counties are responsible for collecting property taxes, assessing penalties and if necessary, sale of the property. In addition, the County maintains all the records and is responsible for remitting property tax amounts to the various taxing entities within the County boundaries.

All real property is assigned a parcel number in accordance with State law, with each parcel being subject to physical reappraisal every five years. The assessed valuation of the property and its improvements is being assessed at one percent of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located.

Taxes on real property are a lien on the property and attach on July 1, of the year for which the taxes are levied.

Taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a three-year waiting period, a tax deed is issued conveying the property to the county with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation.

The major classifications of personal property are commercial, mobile homes, marine, aircraft and agricultural.

NOTE G – COMPLIANCE WITH IDAHO CODE

The independent audit of the City's records for the fiscal year ended September 30, 2024, was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The financial activities and records were reviewed for compliance with applicable Idaho laws and regulations only to the extent needed to form an opinion on the financial statements. Based on the procedures performed, no items of noncompliance were noted, except for budget violations.

NOTE H – INCOME TAXES

No provision for Federal or State income taxes has been made as the City is not subject to income taxes.

NOTE I – RISK MANAGEMENT

The City purchases commercial insurance to cover the risk of property loss and legal liability through a local agent. The insurer provides a full schedule of coverage to meet various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, and natural disasters.

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights law.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

NOTE J – EXPENDITURES OVER BUDGET

For the year ended September 30, 2024, no fund expenditures exceeded appropriations.

There were no other material budget expenditures that exceeded appropriations inside any of the funds.

NOTE K – NATURAL GAS UTILITY LINE GENERAL OBLIGATION BOND

In May of 2014 the citizens of the City passed a Utility Bond authorizing the City to sell $600,000 of bonds to finance the construction of a natural gas line into to City. This cost includes a main line and hook ups to customers. It has been determined that residential hook ups will be free for the first 60 feet of gas line and then a fee per foot will be charged thereafter. The first payment of these bonds was made in 2015. The revenue to pay these bond payments will be an additional property tax levy collected by the county and remitted to the City.

NOTE L – 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 ARIMO, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:				
Property Taxes	$ 49,000	$ 49,000	$ 50,816	$ 1,816
State of Idaho shared revenue	30,000	30,000	30,072	72
State Highway Users	28,395	28,395	37,170	8,775
Licenses, permits	3,000	3,000	4,084	1,084
State Liquor Revenues	15,000	15,000	14,832	(168)
Fees for Services	0	0	829	829
Public Safety	13,000	13,000	0	(13,000)
Interest Income	0	0	17,494	17,494
Grants and Donations	1,500	1,500	5,302	3,802
Miscellaneous	15,000	15,000	27	(14,973)
Total Revenue	154,895	154,895	160,626	5,731
EXPENDITURES:				
General Government				
Salaries and Related Costs	39,960	39,960	39,835	125
Professional Fees	7,650	7,650	5,284	2,366
Utilities	2,540	2,540	2,696	(156)
Administrative and Office Expenses	16,244	16,244	10,082	6,162
Insurance	3,576	3,576	3,480	96
Miscellaneous		0	0	0
Highway and Streets	34,095	34,095	13,443	20,652
Cultural and Recreation	26,000	26,000	23,754	2,246
Building & Vehicle Maintenance	0	0	2,781	(2,781)
Total General Government Expenditures	130,065	130,065	101,355	28,710
Public Safety				
Fire Protection	30,500	30,500	0	30,500
Police Protection	2,896	2,896	2,573	323
Animal Control			0	0
Total Public Safety	33,396	33,396	2,573	30,823
Capital Outlay	78,294	78,294	26,609	51,685
Total Expenditures	241,755	241,755	130,537	111,218
EXCESS REVENUE (EXPENDITURES)	(86,860)	(86,860)	30,089	116,949
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	(86,860)	(86,860)	30,089	116,949
FUND BALANCE - BEGINNING	315,323	315,323	315,323	0
FUND BALANCE - ENDING	$ 228,463	$ 228,463	$ 345,412	$ 116,949

CITY OF ARIMO, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Debt Service Fund
for the year ended September 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:				
Property Taxes	$ 31,540	$ 31,540	$ 31,539	$ (1)
Refunds and Rebates	2,000	2,000	1,930	(70)
Miscellaneous				0
Total Revenue	33,540	33,540	33,469	(71)
EXPENDITURES:				
Debt Service	33,540	33,540	31,540	2,000
Miscellaneous				0
Total Expenditures	33,540	33,540	31,540	2,000
EXCESS REVENUE (EXPENDITURES)	0	0	1,929	1,929
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	0	0	1,929	1,929
FUND BALANCE - BEGINNING	(9,178)	(9,178)	(9,178)	0
FUND BALANCE - ENDING	$ (9,178)	$ (9,178)	$ (7,249)	$ 1,929

OTHER
SUPPLEMENTARY INFORMATION

CITY OF ARIMO, IDAHO
Balance Sheet
Combining General Governmental Funds
for the year ended September 30, 2024

	General Fund	Street and Alley Fund	Park Fund	Total General Fund
ASSETS:				
Cash and Cash Deposits	$ 240,671	$ 44,841	$ 22,751	$ 308,263
Taxes Receivable	4,908			4,908
Due From Other Funds	15,770			15,770
Due From Other Governments	13,715	4,207		17,922
Total Assets	$ 275,064	$ 49,048	$ 22,751	346,863
LIABILITIES:				
Accounts Payable	0	0		0
Accrued Payroll Expenses	1,451			1,451
Total Liabilities	1,451	0	0	1,451
FUND BALANCE:				
Non-spendable				0
Restricted				0
Committed				0
Assigned		49,048	22,751	71,799
Unassigned	273,613			273,613
Total Fund Balance	273,613	49,048	22,751	345,412
Total Liabilities and Fund Balance	$ 275,064	$ 49,048	$ 22,751	$ 346,863

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Combining General Governmental Funds
for the year ended September 30, 2024

	General Fund	Street Alley Fund	Park Fund	Total General Funds
REVENUE:				
Property Taxes	$ 25,126	$ 5,700	$ 19,990	$ 50,816
State Highway Users		37,170		37,170
State Revenue Sharing	30,072			30,072
Licenses and Permits	4,084			4,084
Park Fees			829	829
State Liquor	14,832			14,832
Public Safety	0			0
Interest Income	16,425	777	292	17,494
Grants and Donations	3,256	0	2,046	5,302
Miscellaneous	27		0	27
Total Revenue	93,822	43,647	23,157	160,626
EXPENDITURES:				
General Government	79,767			79,767
Public Safety	2,573			2,573
Highway and Streets		20,703		20,703
Cultural and Recreation			27,494	27,494
Total Expenditures	82,340	20,703	27,494	130,537
EXCESS REVENUE (EXPENDITURES)	11,482	22,944	(4,337)	30,089
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	11,482	22,944	(4,337)	30,089
FUND BALANCE - BEGINNING	262,131	26,104	27,088	315,323
FUND BALANCE - ENDING	$ 273,613	$ 49,048	$ 22,751	$ 345,412

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
City of Arimo, Idaho Water Revenue Bond - Series 2004-A				
	4.50%	2025	15,896	9,891
	4.50%	2026	16,611	9,176
	4.50%	2027	17,359	8,429
	4.50%	2028	18,142	7,647
	4.50%	2029	18,957	6,831
	4.50%	2030	19,810	5,978
	4.50%	2031	20,701	5,087
	4.50%	2032	21,633	4,155
	4.50%	2033	22,606	3,182
	4.50%	2034	23,623	2,164
	4.50%	2035	24,474	1,101
			$ 219,812	$ 63,641

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
City of Arimo Bond - Water Fund Series #91-06				
	4.125%	2025	9,007	6,848
	4.125%	2026	9,379	6,476
	4.125%	2027	9,766	6,089
	4.125%	2028	10,169	5,686
	4.125%	2029	10,588	5,267
	4.125%	2030	11,025	4,830
	4.125%	2031	11,476	4,376
	4.125%	2032	11,953	3,902
	4.125%	2033	12,446	3,409
	4.125%	2034	12,959	2,896
	4.125%	2035	13,494	2,361
	4.125%	2036	14,051	1,804
	4.125%	2037	14,630	1,225
	4.125%	2038	15,064	795
			$ 166,007	$ 55,964

The accompanying notes are a part of these financial statements.

CITY OF ARIMO, IDAHO
Bond-Future Principal and Interest Requirements
at September 30, 2024

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
City of Arimo, General Obligation USDA Bond - Series 2015				
	3.75%	2025	21,321	10,219
	3.75%	2026	22,128	9,412
	3.75%	2027	22,966	8,574
	3.75%	2028	23,814	7,726
	3.75%	2029	24,736	6,804
	3.75%	2030	25,673	5,867
	3.75%	2031	26,644	4,896
	3.75%	2032	27,643	3,897
	3.75%	2033	28,699	2,841
	3.75%	2034	29,786	1,754
	3.75%	2035	24,313	627
			$ 277,723	$ 62,616

The accompanying notes are a part of these financial statements.

WORKMAN & COMPANY | Office of Accounting

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

November 19, 2024

To the City Council
City of Arimo, 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 and each major fund of the City of Arimo, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Arimo, Idaho's basic financial statements, and have issued our report thereon dated November 19, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Arimo, 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 Arimo, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Arimo, 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 identify certain deficiencies in internal control that we consider to be material weaknesses and have described these in the accompanying schedule of findings and responses (2024-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Arimo, 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

CITY OF ARIMO, IDAHO
Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-1: Lack of segregation of duties

Condition: The City lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the City take such actions as hiring additional personnel to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: City management believes the cost of hiring additional personnel outweighs the benefit to be derived as mitigating controls are currently in place such as Council review of all disbursements, two signatures required on all checks, and monthly Council review of financial reports prepared by the City Clerk.