CITY OF DIETRICH, IDAHO

Basic Financial Statements

September 30, 2024

CITY OF DIETRICH, IDAHO

Basic Financial Statements
For the Year Ended September 30, 2024
Table of Contents

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2
FINANCIAL SECTION	
Independent Auditor's Report	4 - 5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet - Governmental Funds	8
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: General Fund	12
Statement of Net Position - Proprietary Funds	13
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	14
Statement of Cash Flows - Proprietary Funds	15
Notes to the Financial Statements	16 - 23
Independent Auditor's Report on Compliance and Internal Control	24 - 25
Schedule of Findings and Responses	26

FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Dietrich, ID

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dietrich, 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 Dietrich, 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, each major fund, and the aggregate remaining fund information of the City of Dietrich, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dietrich, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dietrich, 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 Responsibilities for the Audit of the Financial Statements

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

1408 Pomerelle Ave, Suite C • Burley, Idaho 83318 • (208) 678-1300 • Fax (208) 678-1301 • www.pvc.cpa

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Dietrich, 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 Dietrich, 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 planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Management has omitted 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull P.A.

Burley, Idaho
March 7, 2025

CITY OF DIETRICH, IDAHO

Statement of Net Position
September 30, 2024

ASSETS	Governmental Activities	Business Type Activities	Totals
Cash & Cash Equivalents	$ 397,170	$ 181,460	$ 578,630
Receivables (Net of Allowances):			
Taxes	3,311	-	3,311
Accounts - Note 2	-	6,938	6,938
Accrued Interest	-	-	-
Grants Receivable	-	-	-
Prepaid Expenses	445	-	445
Due From/(To) Other Fund	-	-	-
Due From Other Governments	39,109	-	39,109
Inventory - Note 1	-	-	-
Restricted Assets:			
Cash - Note 5	-	-	-
Capital Assets - Note 3:			
Land	5,000	5,393	10,393
Other Capital Assets, Net of Depreciation	198,250	2,227,016	2,425,266
Other Assets, Net of Amortization	-	-	-
Total assets	643,285	2,420,807	3,064,092
LIABILITIES			
Accounts Payable and Accrued Expenses	1,071	-	1,071
Customer Deposits Payable	-	-	-
Interest Payable	-	-	-
Long-Term Liabilities - Note 4:			
Due Within One Year	-	22,554	22,554
Due in More Than One Year	-	530,019	530,019
Total liabilities	1,071	552,573	553,644
NET POSITION			
Net Investment in Capital Assets	203,250	1,679,836	1,883,086
Restricted for:			
Debt Service - Note 5	-	-	-
Unrestricted	438,964	188,398	627,362
Total Net Position	$ 642,214	$ 1,868,234	$ 2,510,448

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Statement of Activities
For the Year Ended September 30, 2024

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business Type Activities	Totals
Governmental Activities:							
General Government	$ 76,203	$ 3,025	$ 2,500	$ -	$ (70,678)		$ (70,678)
Parks and Streets	15,316	-	-	-	(15,316)		(15,316)
Interest	-	-	-	-	-		-
Total Governmental Activities	91,519	3,025	2,500	-	(85,994)		(85,994)
Business-Type Activities:							
Water	140,323	87,479	-	-		$ (52,844)	(52,844)
Sewer	48,851	33,162	-	-		(15,689)	(15,689)
Total Business-Type Activities	189,174	120,641	-	-		(68,533)	(68,533)
Total Primary Government	$ 280,693	$ 123,666	$ 2,500	$ -	(85,994)	(68,533)	(154,527)
		General Revenues					
		Property Taxes			37,518	-	37,518
		Highway Use Tax			28,100	-	28,100
		Other Taxes			45,341	-	45,341
		Grants not Restricted to Specific Programs			-	-	-
		Investment Earnings			5,208	9,654	14,862
		Miscellaneous			589	-	589
		Gain on Sale of Capital Assets			-	-	-
		Transfers			-	-	-
		Total General Revenues and Transfers			116,756	9,654	126,410
		Change in Net Position			30,762	(58,879)	(28,117)
		Net Position Beginning of Year			611,452	1,927,113	2,538,565
		Net Position End of Year			$ 642,214	$ 1,868,234	$ 2,510,448

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash & cash equivalents	$ 397,170
Taxes receivable	3,311
Accounts receivable	-
Prepaid expenses	445
Due from other funds	-
Due from other governments	39,109
Total assets	$ 440,035
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable and accrued liabilities	$ 1,071
Due to other funds	-
Total liabilities	1,071
Deferred inflows of resources	
Unavailable revenue - property taxes	2,906
Total deferred inflows of resources	2,906
Fund Balances	
Nonspendable	445
Unassigned	435,613
Total fund balances	436,058
Total liabilities and fund balances	$ 440,035

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Reconciliation of Total Governmental Fund Balances to
the Statement of Net Position
September 30, 2024

Total Governmental Fund Balances	$	436,058
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		203,250
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes		2,906
Net Position of Governmental Activities	$	642,214

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
Year Ended September 30, 2024

	General Fund
Revenues:	
Taxes	$ 36,946
Licenses and permits	100
Intergovernmental revenues	73,441
Grants	2,500
Investment earnings	5,208
Services and rebates	2,925
Miscellaneous	589
Total revenues	121,709
Expenditures:	
General government	
Salaries and related costs	33,246
Administration	5,022
Legal and professional fees	10,799
Insurance	3,244
Repairs and maintenance	5,114
Supplies	7,854
Utilities	7,974
Fuel	986
Miscellaneous	1,500
Capital outlay	-
Parks & Streets	
Irrigation	464
Repairs and maintenance	4,180
Capital outlay	-
Contingency	-
Total expenditures	80,383
Excess (deficiency) of revenues over expenditures	41,326
Transfers in/(out)	-
Fund balance - beginning	394,732
Fund balance - ending	$ 436,058

See accompanying notes to the financial statements.

CITY OF DIETRICH, 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 Balances - Total Governmental Funds		$ 41,326
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period:		
Fixed asset additions	$ -	
Depreciation expense	(11,136)	
		(11,136)
Because governmental funds report capital outlays as expenditures, when capital assets are sold the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.		
Difference in gain or loss on sale or disposal of capital assets		-
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in unavailable revenue.		572
Change in Net Position of Governmental Activities		$ 30,762

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual: General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Taxes	$ 30,058	$ 30,058	$ 36,946	$ 6,888
Licenses and permits	2,000	2,000	100	(1,900)
Intergovernmental revenues	53,467	53,467	73,441	19,974
Grants	-	-	2,500	2,500
Interest	4,000	4,000	5,208	1,208
Services	2,500	2,500	2,925	425
Miscellaneous	3,000	3,000	589	(2,411)
Total revenues	95,025	95,025	121,709	26,684
Expenditures:				
General government				
Salaries and related costs	32,000	32,000	33,246	(1,246)
Administration	5,000	5,000	5,022	(22)
Legal and professional fees	11,500	11,500	10,799	701
Insurance	2,500	2,500	3,244	(744)
Repairs and maintenance	5,000	5,000	5,114	(114)
Supplies	7,000	7,000	7,854	(854)
Utilities	9,000	9,000	7,974	1,026
Fuel	1,000	1,000	986	14
Miscellaneous	1,025	1,025	1,500	(475)
Capital outlay	-	-	-	-
Parks & Streets			-	-
Irrigation	500	500	464	36
Repairs and maintenance	16,000	16,000	4,180	11,820
Capital outlay	4,500	4,500	-	4,500
Contingency	-	-	-	-
Total expenditures	95,025	95,025	80,383	14,642
Excess (deficiency) of revenues over expenditures	-	-	41,326	41,326
Transfers in/(out)	-	-	-	-
Fund balance - beginning	394,732	394,732	394,732	-
Fund balance - ending	$ 394,732	$ 394,732	$ 436,058	$ 41,326

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-Type Activities Enterprise Funds		
ASSETS	Water Fund	Sewer Fund	Totals
Cash & Investments	$ 139,430	$ 42,030	$ 181,460
Receivables (net of allowances):			
Accounts	4,787	2,151	6,938
Accrued Interest	-	-	-
Grants Receivable	-	-	-
Prepaid Expenses	-	-	-
Restricted Assets:			
Cash	-	-	-
Capital Assets:			
Land	5,393	-	5,393
Other Capital Assets, net of depreciation	1,442,358	784,658	2,227,016
Other Assets, Net of Amortization	-	-	-
Total assets	1,591,968	828,839	2,420,807
LIABILITIES			
Accounts Payable and Accrued Expenses	-	-	-
Customer Deposits Payable	-	-	-
Interest Payable	-	-	-
Due to other funds	-	-	-
Long-Term Liabilities:			
Due Within One Year	22,554	-	22,554
Due in More Than One Year	530,019	-	530,019
Total liabilities	552,573	-	552,573
NET POSITION			
Net Investment in Capital Assets	895,178	784,658	1,679,836
Restricted for:			
Debt Service	-	-	-
Unrestricted	144,217	44,181	188,398
Total Net Position	$ 1,039,395	$ 828,839	$ 1,868,234

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Statement of Revenues, Expenses and
Changes in Fund Net Position - Proprietary Funds
Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds		
	Water	**Sewer**	**Totals**
Operating revenues:			
Charges for service	$ 87,479	$ 33,162	$ 120,641
Miscellaneous	-	-	-
Total revenues	87,479	33,162	120,641
Operating expenses:			
Salaries and related costs	7,293	5,642	12,935
Administration	2,890	1,622	4,512
Lab fees	834	-	834
Legal and professional fees	352	-	352
Gas and oil	986	986	1,972
Insurance	994	994	1,988
Repairs and maintenance	8,998	2,083	11,081
Supplies	38,514	-	38,514
Utilities	8,323	2,393	10,716
Miscellaneous	40	15	55
Depreciation	71,099	35,116	106,215
Total operating expenses	140,323	48,851	189,174
Operating income (loss)	(52,844)	(15,689)	(68,533)
Non-operating revenues (expenses)			
Gain on sale of capital assets	-	-	-
Interest income	8,944	710	9,654
Interest (expense)	-	-	-
Total non-operating revenues (expenses)	8,944	710	9,654
Income/(Loss) before contributions and Transfers	(43,900)	(14,979)	(58,879)
Capital Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	(43,900)	(14,979)	(58,879)
Net Position Beginning of Year	1,083,295	843,818	1,927,113
Net Position End of Year	$ 1,039,395	$ 828,839	$ 1,868,234

See accompanying notes to the financial statements.

CITY OF DIETRICH, IDAHO

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds		
	Water	**Sewer**	**Totals**
Cash flows provided by operating activities:			
Receipts from customers and users	$ 87,479	$ 33,162	$ 120,641
Payments to suppliers	(61,039)	(7,199)	(68,238)
Payments to employees	(8,432)	(5,873)	(14,305)
Other receipts/(payments)	-	-	-
Net cash provided (used) by operating activities	18,008	20,090	38,098
Cash flows from noncapital and related financing activities:			
Transfers (to)/from other funds	-	-	-
Net cash provided (used) by noncapital and related financing activities	-	-	-
Cash flows from capital and related financing activities:			
Principal and interest paid on long-term debt	(22,554)	-	(22,554)
Amounts borrowed for capital asset purchases	-	-	-
Acquisition of capital assets	-	-	-
Disposal of capital assets	-	-	-
Net cash used by capital and related financing activities	(22,554)	-	(22,554)
Cash flows from investing activities:			
Interest received on Investments	8,944	710	9,654
Net cash provided by investing activities	8,944	710	9,654
Net increase (decrease) in cash	4,398	20,800	25,198
Cash at beginning of year (including restricted cash)	135,032	21,230	156,262
Cash at end of year (including restricted cash)	$ 139,430	$ 42,030	$ 181,460
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (52,844)	$ (15,689)	$ (68,533)
Depreciation	71,099	35,116	106,215
(Increase) decrease in accounts receivable	(6)	(4)	(10)
(Increase) decrease in prepaid expenses	898	898	1,796
Increase (decrease) in accounts payable	(1,139)	(231)	(1,370)
Net cash provided (used) by operating activities	$ 18,008	$ 20,090	$ 38,098

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Dietrich 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 and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the City are described below.

A. Reporting Entity

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

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net assets and the statement of activities, report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The City of Dietrich has no non-major funds and no fiduciary type funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The Water and Sewer Funds account for the operations of providing water to the citizens of the City and for the operations of the City's sewer system, respectively.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Fund Classifications

Fund Balance Reserves - The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The City reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the City can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the City Council have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Deposits and Investments

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, the City had no exposure to custodial credit risk for deposits.

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	Fair Value	Weighted Avg Maturity (days)
ID State Local Government Investment Pool	$ 284,380	84

This investment is an unrated external investment pool sponsored by the Idaho State Treasurer's Office. It is classified as "Investments in an External Investment Pool" and is 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 City 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 City in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

G. Inventory

Inventories at year end are considered immaterial and have not been presented in the financial statements.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items acquired subsequent to September 30, 2004) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

I. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

J. Budgets and Budgetary Accounting

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. 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.

2. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principals. Uncommitted appropriations lapse at every year end.

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
Accumulated unpaid vacation, sick pay, and other employee benefit amounts have not been accrued. The amount of this accrual is not considered material to the financial statements.

L. Encumbrances
Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

M. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. Application of Restricted or Unrestricted Resources
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.

NOTE 2: ACCOUNTS RECEIVABLE

The accounts receivable in the Water and Sewer Funds are reported net of an allowance of $4,787 and $2,151, respectively, for estimated uncollectible accounts.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 9/30/2023	Addition	Deletion	Balance 9/30/204
Governmental Activities				
Equipment	$ 21,140	$ -	$ -	$ 21,140
Buildings & improvements	225,309	-	-	225,309
Land (Non-depreciable)	5,000	-	-	5,000
	251,449	-	-	251,449
Accumulated Depreciation:				
Equipment	11,890	1,000	-	12,890
Buildings & improvements	25,173	10,136	-	35,309
	37,063	11,136	-	48,199
Net Book Value:				
Equipment	-	(1,000)	-	8,250
Buildings & improvements	200,136	(10,136)	-	190,000
Land (Non-depreciable)	5,000	-	-	5,000
	$ 205,136	$ (11,136)	$ -	$ 203,250

Business Type Activities				
Water system & improvements	$ 2,309,892	$ -	$ -	$ 2,309,892
Sewer system & improvements	1,546,225	-	-	1,546,225
Land (Non-depreciable)	5,393	-	-	5,393
	3,861,510	-	-	3,861,510
Accumulated Depreciation:				
Water system & improvements	796,435	71,099	-	867,534
Sewer system & improvements	726,451	35,116	-	761,567
	1,522,886	106,215	-	1,629,101
Net Book Value:				
Water system & improvements	1,513,457	(71,099)	-	1,442,358
Sewer system & improvements	819,774	(35,116)	-	784,658
Land (Non-depreciable)	5,393	-	-	5,393
	$ 2,338,624	$ (106,215)	$ -	$ 2,232,409

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1.

The City has elected not to retroactively report infrastructure assets, as is allowed for Phase 3 governments. Therefore, only infrastructure assets acquired subsequent to September 30, 2004 are reported in the financial statements. Infrastructure assets not reported consist mainly of roads

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	$ -
Parks & Streets	11,136
Total Governmental Activities Depreciation	$ 11,136

NOTE 4: LONG-TERM DEBT

On January 6, 1993 the City issued Series A and Series B water revenue bonds through USDA Rural Development for $120,000 at 5.625% and $10,000 at 5.5%, respectively. The bonds require annual payments for 30 years of $8,371 and $688, respectively. These bonds were fully paid off during the fiscal year.

The City also borrowed $100,000 at 4.5% from the State of Idaho Department of Environmental Quality (DEQ) for construction of the City's sewer system. Repayment of this loan began in December 2003, with semi-annual payments of $3,818 for 20 years. This loan was fully paid off during the year.

The city commenced an improvement project to their drinking water system during 2012. The system improvements were funded by loans with the State of Idaho Department of Environmental Quality (DEQ). The City is eligible to receive up to $1,330,000 in loan funding and $661,499 qualifies for principal forgiveness through the DEQ. As of September 30, 2018, the City had borrowed $676,619 toward the drinking water system. On October 5, 2018, the loan was finalized and the City issued Water Revenue Bond, Series 2018 with a principal amount of $676,619. Repayment terms on the bonds call for 60 semi-annual payments of $11,277, all of which is principal. The stated interest rate is 0%. Payment on the bonds by the City commenced in April 2019 and runs through October 2048.

The following is a schedule of principal and interest payments on long-term debt to maturity:

FYE Sept. 30	Principal	Interest	Total
2025	22,554	-	22,554
2026	22,554	-	22,554
2027	22,554	-	22,554
2028	22,554	-	22,554
2029	22,554	-	22,554
2030 - 2034	112,770	-	112,770
2035 - 2039	112,770	-	112,770
2040 - 2044	112,770	-	112,770
2045 - 2049	101,493	-	101,493
	$552,573	$ -	$ 552,573

A summary of changes in long-term debt is as follows:

	Balance at 9/30/2023	Additions	Reductions	Balance at 9/30/2024
DEQ Loan - DW1209	575,126	-	(22,554)	552,572
Totals	$ 575,126	$ -	$ (22,554)	$ 552,572

NOTE 5: RESTRICTED CASH

Restrictions on cash are due to bond and loan requirements. The revenue bonds require one annual installment be set aside in a restricted cash account. The DEQ loan requires 20% of one annual installment be set aside each year in a restricted cash account until one annual installment is accumulated. The City is in compliance with these requirements.

NOTE 6: PROPERTY TAXES

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

NOTE 7: STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, all checking, savings, and certificates of deposit with maturity dates of 90 days or less are considered to be cash and cash equivalents. Actual cash paid for interest by the Water and Sewer Funds during the year was $0.

NOTE 8: RISK MANAGEMENT/INSURANCE COVERAGE

The 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. The City has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund. Other liability insurance has been purchased through ICRMP (Idaho Counties Reciprocal Management Program), policy No. 22A02043100103, which expires October 1, but is renewed annually. The policy coverage include: Damage to buildings, structures and personal property, automobile physical damage, comprehensive general liability, premises medical payments, automobile liability, errors and omissions liability, employee dishonesty, money and securities, and depositors forgery.

NOTE 9: PENSION PLAN

The City does not participate in the State retirement system and has no formal pension plan for its employees.

NOTE 10: DUE TO/FROM OTHER FUNDS

As of year end, there were no amounts due between funds.

NOTE 11: EXCESS OF EXPENDITURUES OVER BUDGET

General fund expenditures did not exceed budgeted expenditures for the year ended September 30, 2024.

NOTE 12: SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, March 7, 2025, the date the financial statements were available to be issued. Subsequent to year end, the City was made aware of potential misuse of City funds by a former employee. The resolution of this issue was still pending as of the date of issuance of the financial statements.

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

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*

To the City Council
City of Dietrich, 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, each major fund, and the aggregate remaining fund information of City of Dietrich, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Dietrich, Idaho's basic financial statements, and have issued our report thereon dated March 7, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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, we identified certain deficiencies in internal control over financial reporting, described in 2024-1 and 2024-2 of the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting.

Report on Compliance and Other Matters

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

1408 Pomerelle Ave, Suite C • Burley, Idaho 83318 • (208) 678-1300 • Fax (208) 678-1301 • www.pvc.cpa

City of Dietrich's Response to Findings

City of Dietrich's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull P.A.

Burley, Idaho
February 19, 2025

CITY OF DIETRICH, IDAHO

Schedule of Findings and Responses
For the Year Ended September 30, 2024

Finding 2024-1: Lack of segregation of duties - Repeat Finding

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 another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: City management believes the cost of hiring another person 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 periodic council review of financial reports prepared by the clerk.

Finding 2024-2: Lack of cross training related to meter readings

Condition: The City lacks multiple individuals with the understanding of the water system including operation of technological equipment to read water meters and provide usage reports in a timely manner.

Criteria: Inherent in an adequate internal control structure is cross training of employees on different responsibilities, including meter reading, maintenance of City assets, and clerical duties, to avoid reliance on one individual for critical operational functions.

Effect: The lack of cross training of duties may increase the risk that the City is unable to issue monthly utility billings in a timely manner and in the normal course of operations, resulting in lost revenue to the City.

Recommendation: It is suggested the City take such actions as hiring another person to assist in reading the water meters, training the Mayor or City Council to perform these duties in case of emergency, or contracting with an outside party to perform these duties.

Response: City management is currently searching for qualified candidates to fill the open public works director position with the City. The City is currently reviewing all options including contracting with other local governments or independent service providers to establish a backup plan to ensure the City has access to multiple individuals who are trained and available to perform all City functions.