HARRIS
CPAs P.C.

Financial Statements

City of Driggs, Idaho

Includes Supplementary Information

Year Ended September 30, 2024



Helping you succeed, financially and beyond.

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Driggs, Idaho
Driggs, Idaho

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Driggs, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 City of Driggs, 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

City of Driggs, Idaho's 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 City of Driggs, 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 GAAS and GAS 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.

In performing an audit in accordance with GAAS and GAS, 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 City of Driggs, 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 City of Driggs, 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.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Driggs Idaho's basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the 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 April 10, 2025 on our consideration of City of Driggs, 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 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 City of Driggs, Idaho's internal control over financial reporting and compliance.

Harris CPAs P.C.

Meridian, Idaho
April 10, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Driggs' financial performance provides an overall review of the City's financial activities for the fiscal year (FY) ended September 30, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of $6,819,128; including $4,697,130 Restricted funds, $3,394 of Nonspendable funds, and $1,756,027 Unassigned.

At the end of the current fiscal year, the fund balance for the General Fund was $1,777,358 of which $1,773,424 was Unassigned.

Proprietary funds reported a combined business-type activities net position of $16,102,496 with $8,559,688 Unrestricted.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Driggs as a whole and entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column. In the case of the City of Driggs, the General, Transportation [Road & Street], Airport, Resort Tax [Local Option], and Local Improvement District [LID] Funds are significant funds.

Reporting the City as a Whole

The City-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

Statement of Net Position and Statement of Activities

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. The statement of activities presents information showing how the City's net position changed during the current fiscal year. These statements are prepared using the accrual basis of accounting similar to the accounting method used by private sector companies. The basis of accounting takes into consideration all of the current year's revenues and expenses, regardless of when the cash is received or paid.

The change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets should also be considered.

In the statement of net position and the statement of activities, the City is divided in to three activities:

Governmental Activities – Most of the City's programs and services are reported here, including general, transportation [road & street], airport, resort tax, and LID. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants, and assessments.

Business-type Activities – These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The City's Water and Wastewater [sewer] activity is reported here.

Component Unit – The City's financial statements include financial data of the Urban Renewal District. This component unit is separate and may buy, sell, lease, and mortgage property in its own name.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. Fund financial statements provide detailed information about the City's major funds. Based on the restriction of the use of the moneys, the City has established many funds that account for the multitude of services provided to its residents.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds that focus on how much flows into and out of the funds and the year-end balances available for spending. These funds are reported on the modified accrual basis of accounting that measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services being provided, along with the financial resources available.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term effect of the governmental fund statement of revenues, expenditures, and changes in fund balances through reconciliations to facilitate comparisons between governmental funds and governmental activities.

The City maintains multiple individual governmental funds identified earlier. Information is presented separately on the governmental fund balance sheet and on the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The City has one type of proprietary fund known as enterprise. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements. The City uses enterprise funds to account for Water and Wastewater [sewer] operations.

Notes to the Financial Statements

The notes provide additional information that is necessary to fully understand the data presented in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplementary information. Budget to actual comparisons are presented as required supplementary information for all major funds. There are also required schedules related to the pension plans.

Government-Wide Financial Analysis

The following table summarizes the City's net position at the end of fiscal year 2023 & 2024.

	Primary Government					
	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Current and Other Assets	$ 10,431,049	$ 7,552,769	$ 9,858,626	$ 8,216,490	$ 20,289,675	$ 15,769,259
Capital Assets	26,922,910	23,777,678	16,267,814	16,384,508	43,190,724	40,162,186
Total Assets	37,353,959	31,330,447	26,126,440	24,600,998	63,480,399	55,931,445
Deferred Outflows of Resources	189,792	280,330	122,240	169,829	312,032	450,159
Total Assets and Deferred Outflows of Resources	$37,543,751	$31,610,777	$ 26,248,680	$24,770,827	$ 63,792,431	$ 56,381,604
Current Liabilities	$ 3,491,376	$ 2,069,808	$ 1,478,286	$ 1,131,683	$ 4,969,662	$ 3,201,491
Long-term Liabilities	1,111,594	1,092,599	8,654,919	9,016,529	9,766,513	10,109,128
Total Liabilities	4,602,970	3,162,407	10,133,205	10,148,212	14,736,175	13,310,619
Deferred Inflows of Resources	830,116	18,270	12,979	11,069	843,095	29,339
Total Liabilities and Deferred Inflows of Resources	5,433,086	3,180,677	10,146,184	10,159,281	15,579,270	13,339,958
Net Position						
Net investment in capital assets	25,778,699	23,222,795	7,542,808	7,253,517	33,321,507	30,476,312
Restricted	4,697,130	3,542,175			4,697,130	3,542,175
Unrestricted	1,634,836	1,665,130	8,559,688	7,358,029	10,194,524	9,023,159
Total Net Position	32,110,665	28,430,100	16,102,496	14,611,546	48,213,161	43,041,646
	$37,543,751	$31,610,777	$ 26,248,680	$24,770,827	$ 63,792,431	$ 56,381,604

Total net position for the City increased $5,171,515. Government net position increased $3,680,565 while Business-type net position increased $1,490,950.

	Primary Government					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023
Revenues						
Program Revenues						
Charges for services	$ 1,949,180	$ 2,430,529	$ 3,892,853	$ 2,910,573	$ 5,842,033	$ 5,341,102
Operating grants and contributions	22,500	909,357			22,500	909,357
Capital grants and contributions	3,567,085		326,822		3,893,907	
General revenue:						
Property taxes	915,458	902,077			915,458	902,077
Resort taxes	1,338,343	1,130,274			1,338,343	1,130,274
State revenue sharing	570,915	483,851			570,915	483,851
Unrestricted investment earnings	290,169	69,900	161,741	67,502	451,910	137,402
Other revenue	234,448	354,852	1,161	1,452	235,609	356,304
Total Revenues	8,888,098	6,280,840	4,382,577	2,979,527	13,270,675	9,260,367
Expenses						
General Government						
Government Administration	3,756,760	2,294,311			3,756,760	2,294,311
Airport	727,971	2,121,596			727,971	2,121,596
Public works	303,430	736,636			303,430	736,636
LID assessment/interest	28,542	15,716			28,542	15,716
Enterprise - Water and Sewer			3,282,457	2,647,311	3,282,457	2,647,311
Total Expenses	4,816,703	5,168,259	3,282,457	2,647,311	8,099,160	7,815,570
Excess (deficiency) of revenues over expenditures before transfers	4,071,395	1,112,581	1,100,120	332,216	5,171,515	1,444,797
Other Financing Sources (Uses)						
Transfers in (out)	(390,830)		390,830			
Change in Net Position	3,680,565	1,112,581	1,490,950	332,216	5,171,515	1,444,797
Net Position, Beginning of Year	28,430,100	27,317,519	14,611,546	14,279,330	43,041,646	41,596,849
Net Position, End of Year	$32,110,665	$28,430,100	$ 16,102,496	$14,611,546	$ 48,213,161	$ 43,041,646

Financial Analysis of the City Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

As of September 30, 2024, the City's governmental funds reported an ending fund balance of $6,819,128. Of this amount, $1,756,027 constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of the fund balance is restricted or assigned to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, 2) encumbrances, or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Driggs. At the end of the current fiscal year, unassigned fund balance of the general fund was $1,773,424. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Water fund at September 30, 2024 was $2,427,311. Unrestricted net position of the Wastewater [sewer] fund was $6,132,377.

Budgetary Highlights

By state statute, the Driggs City Council adopts the annual operating budget for the City effective the first day of October.

Capital Assets

The City of Driggs' investment in capital assets for its governmental and business-type activities as of September 30, 2024 amounts to $43,190,724, net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and right to use asset.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Land and land improvements	$ 9,946,135	$ 476,651	$ 10,422,786
Buildings and Improvements	30,643,419	23,709,581	54,353,000
Equipment	460,286	2,435,525	2,895,811
Construction in progress	3,532,570		3,532,570
Right of use leased equipment, net		132,428	132,428
Accumulated depreciation and amortization	(17,659,500)	(10,486,371)	(28,145,871)
Total	$ 26,922,910	$ 16,267,814	$ 43,190,724

Long-term Debt – At September 30, 2024 the City had total outstanding long-term debt, accrued compensated absences and lease obligations of $10,037,525. Governmental Activities at $1,216,848 and Business Activities at $8,820,677. See Note I to the financial statements for additional information.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Finance Officer City of Driggs PO Box 48 Driggs ID 83422.

BASIC FINANCIAL STATEMENTS

CITY OF DRIGGS, IDAHO
THE STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component Units
ASSETS	Governmental Activities	Business-Type Activities	Total	Total
Current Assets				
Cash and investments	$ 6,947,268	$ 8,666,834	$ 15,614,102	$ 150,505
Receivables				
Accounts		312,189	312,189	
Property tax	837,831		837,831	3,360
Due from other governments		879,603	879,603	
Grants	2,160,627		2,160,627	
Other	481,389		481,389	
Prepaid expenses	3,934		3,934	2,761
Total Current Assets	10,431,049	9,858,626	20,289,675	156,626
Noncurrent Assets				
Capital assets, net of accumulated depreciation	26,922,910	16,267,814	43,190,724	
Total Noncurrent Assets	26,922,910	16,267,814	43,190,724	
Total Assets	37,353,959	26,126,440	63,480,399	156,626
Deferred Outflows of Resources				
Pension obligations	189,792	122,240	312,032	
Total Assets and Deferred Outflows of Resources	$ 37,543,751	$ 26,248,680	$ 63,792,431	$ 156,626

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF NET POSTION (Continued)
September 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Total
LIABILITIES AND DEFERRED INFLOWS				
Current Liabilities				
Accounts payable	$ 888,006	$ 308,180	$ 1,196,186	$ 1,618
Accrued interest	3,805	138,304	142,109	
Accrued expenses	116,084	16,224	132,308	
Unearned revenue	1,796,274	75,000	1,871,274	
Settlement claim payable		400,000	400,000	
Due Within One Year				
Lease liability		65,832	65,832	
Bonds and notes payable	687,207	474,746	1,161,953	3,000
Total Current Liabilities	3,491,376	1,478,286	4,969,662	4,618
Noncurrent Liabilities				
Due in More Than One Year				
Accrued compensated absences	72,637	32,168	104,805	
Lease liability		61,174	61,174	
Bonds and notes payable	457,004	8,186,757	8,643,761	9,139
Net pension liability	581,953	374,820	956,773	
Total Noncurrent Liabilities	1,111,594	8,654,919	9,766,513	9,139
Total Liabilities	4,602,970	10,133,205	14,736,175	13,757
Deferred Inflows of Resources				
Deferred tax revenue	809,965		809,965	
Pensions	20,151	12,979	33,130	
Total Deferred Inflows of Resources	830,116	12,979	843,095	
NET POSITION				
Net investment in capital assets	25,778,699	7,542,808	33,321,507	
Restricted	4,697,130		4,697,130	142,869
Unrestricted	1,634,836	8,559,688	10,194,524	
Total Net Position	32,110,665	16,102,496	48,213,161	142,869
Total Liabilities, Deferred inflows and Net Position	$ 37,543,751	$ 26,248,680	$ 63,792,431	$ 156,626

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF ACTIVITES
For the Year Ended September 30, 2024

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
					Primary Government			Component Units
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	Total
Governmental Activities								
General and administrative	$ 3,756,760	$ 1,499,062	$ 22,500	$ 205,509	$ (2,029,689)	$	$ (2,029,689)	$
Airport	727,971	383,563		2,454,921	2,110,513		2,110,513	
Public works	303,430			906,655	603,225		603,225	
LID assessment/interest	28,542	66,555			38,013		38,013	
Total Governmental Activities	4,816,703	1,949,180	22,500	3,567,085	722,062		722,062	
Business-Type Activities								
Water	1,112,310	1,389,927		321,675		599,292	599,292	
Sewer	2,170,147	2,502,926		5,147		337,926	337,926	
Total Business-Type Activities	3,282,457	3,892,853		326,822		937,218	937,218	
Total Primary Government	8,099,160	5,842,033	22,500	3,893,907	722,062	937,218	1,659,280	
Component Units								
Urban Renewal Agency	106,617							(106,617)

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF ACTIVITES (Continued)
For the Year Ended September 30, 2024

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Total
Net (Expense) Revneue and Changes in Net Position (Continued)	722,062	937,218	1,659,280	(106,617)
General Revenues and Transfers				
Property taxes	915,458		915,458	173,001
Resort taxes	1,338,343		1,338,343	
State revenue sharing	570,915		570,915	
Investment earnings	290,169	161,741	451,910	30
Miscellaneous	234,448	1,161	235,609	2,590
Net operating transfers	(390,830)	390,830		
Total General Revenues and Transfers	2,958,503	553,732	3,512,235	175,621
Change in Net Position	3,680,565	1,490,950	5,171,515	69,004
Net Position				
Beginning of Year	28,430,100	14,611,546	43,041,646	73,865
End of Year	$ 32,110,665	$ 16,102,496	$ 48,213,161	$ 142,869

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
BALANCE SHEET-GOVERMENTAL FUNDS
September 30, 2024

	MAJOR FUNDS					NON-MAJOR FUNDS		TOTAL
ASSETS	General	Road / Street	Airport	Resort Tax	LID	Industrial Building	Impact Fee Combined	
Cash and investments	$ 2,251,925	$ 225,931	$ 136,286	$ 2,211,892	$ 306,752	$ 200,564	$ 1,613,918	$ 6,947,268
Receivables								
Property taxes	837,831							837,831
Grants			2,160,627					2,160,627
Other receivables	87,343	27,199			366,847			481,389
Prepaid expenses	3,934							3,934
Total Assets	$ 3,181,033	$ 253,130	$2,296,913	$ 2,211,892	$ 673,599	$ 200,564	$ 1,613,918	$ 10,431,049
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities								
Accounts payable	$ 61,467	$ 270,527	$ 509,751	$ 19,631	$ 2,435	$ 3,677	$ 20,518	$ 888,006
Accrued expense	107,026		2,505	1,500		5,053		116,084
Unearned revenue	423,625		871,688		500,961			1,796,274
Total Liabilities	592,118	270,527	1,383,944	21,131	503,396	8,730	20,518	2,800,364
Deferred Inflows								
Unavailable revenue	811,557							811,557
Fund Balances								
Nonspendable	3,934							3,934
Restricted			912,969	2,190,761			1,593,400	4,697,130
Assigned					170,203	191,834		362,037
Unassigned	1,773,424	(17,397)						1,756,027
Total Fund Balances	1,777,358	(17,397)	912,969	2,190,761	170,203	191,834	1,593,400	6,819,128
Total	$ 3,181,033	$ 253,130	$2,296,913	$ 2,211,892	$ 673,599	$ 200,564	$ 1,613,918	$ 10,431,049

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSTION
September 30, 2024

Total fund balance - total governmental funds		$ 6,819,128
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,922,910
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay the current period's expenditures, and therefore are reported as advanced revenue in the funds.		1,592
Long-term liabilities, applicable to governmental activities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Net pension liability	(581,953)	
Pension related deferred inflows	(20,151)	
Pension related deferred outflows	189,792	
Total long term liabilities		(412,312)
Long-term liabilities, including bonds payable and accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Interest payable	(3,805)	
Bomds payable	(1,144,211)	
Compensated absences payable	(72,637)	
Total long term liabilities		(1,220,653)
Total net position of governmental activities		$ 32,110,665

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALALNCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	MAJOR FUNDS					NON-MAJOR FUNDS		TOTAL
	General	Road / Street	Airport	Resort Tax	LID	Industrial Building	Impact Fee Combined	
Revenues								
Property taxes	$ 734,405	$ 194,050	$	$	$	$	$	$ 928,455
Resort taxes	50,000			1,288,343				1,338,343
Intergovernmental revenues and grants	1,056,924	648,655	2,454,921					4,160,500
Licenses, permits, and fees	335,238		383,563			69,056	1,076,667	1,864,524
LID principal					49,784			49,784
LID late fees and interest					16,771			16,771
Fines	18,101							18,101
Interest	167,203		14,346	108,620				290,169
Miscellaneous	140,386		80,362	13,700				234,448
Total Revenues	2,502,257	842,705	2,933,192	1,410,663	66,555	69,056	1,076,667	8,901,095
Expendiures								
Current								
General government	1,666,145	280,018	361,128	275,139		49,959	498,047	3,130,436
Public works		303,430						303,430
Debt service								
Principal					48,309			48,309
Interest					14,618			14,618
Bond financing					10,119			10,119
Capital outlay	210,710	647,692	2,347,751	315,112	637,638		179,640	4,338,543
Total Expenditures	1,876,855	1,231,140	2,708,879	590,251	710,684	49,959	677,687	7,845,455

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALALNCES
GOVERNMENTAL FUNDS- (Continued)
For the Year Ended September 30, 2024

	MAJOR FUNDS					NON-MAJOR FUNDS		TOTAL
	General	Road / Street	Airport	Resort Tax	LID	Industrial Building	Impact Fee Combined	
Excess (Deficiency) of Revenues Over Expenditures	625,402	(388,435)	224,313	820,412	(644,129)	19,097	398,980	1,055,640
Other Financing Sources (Uses)								
Loan Proceeds					637,637			637,637
Transfers in (out)	(452,080)	350,000	41,250	(330,000)				(390,830)
Net Change in Fund Balances	173,322	(38,435)	265,563	490,412	(6,492)	19,097	398,980	1,302,447
Fund Balances, Beginning of Year	1,604,036	21,038	647,406	1,700,349	176,695	172,737	1,194,420	5,516,681
Fund Balances, End of Year	$ 1,777,358	$ (17,397)	$ 912,969	$ 2,190,761	$ 170,203	$ 191,834	$ 1,593,400	$ 6,819,128

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
RECONCILIATION OF THE GOVERMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OT THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds		$ 1,302,447
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that will not be collected for several months after the City's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenues related to delinquent property taxes increased by this amount		(12,997)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	4,338,543	
Depreciation expense	(1,193,311)	
Excess of capital outlay over depreciation expense		3,145,232
In governmental funds, bonds are considered a source of financing, but in the statement of net position, the bonds are reported as a liability. Similarly, principal payments are recorded as expenditures rather than reductions of a liability		
Issuance of bond anticipation notes payable		(637,637)
Principal payments on long-term debt		48,309
Change in accrued interest		(3,805)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of financial resource availability.		
Pension expense		(88,347)
Change in compensated absences		(72,637)
Change in Net Position of Governmental Activities		$ 3,680,565

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF NET POSTION-PROPRIETARY FUNDS
September 30, 2024

ASSETS	Sewer Fund	Water Fund	Total
Current Assets			
Cash and investments	$ 5,858,863	$ 2,807,971	$ 8,666,834
Receivables			
Accounts	162,561	149,628	312,189
Other governments	879,603		879,603
Total Current Assets	6,901,027	2,957,599	9,858,626
Non-current Assets			
Capital Assets			
Land	444,489	32,162	476,651
Buildings	13,417,717	10,291,864	23,709,581
Equipment	771,604	1,663,921	2,435,525
Right of use asset - leases	68,106	68,106	136,212
Less accumulated depreciation / amortization	(6,218,747)	(4,271,408)	(10,490,155)
Total capital assets, net	8,483,169	7,784,645	16,267,814
Total Assets	15,384,196	10,742,244	26,126,440
Deferred outflows			
Pension related items	68,223	54,017	122,240
Total Assets and Deferred Outflows	$ 15,452,419	$ 10,796,261	$ 26,248,680

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF NET POSTION-PROPRIETARY FUNDS (Continued)
September 30, 2024

	Sewer Fund	Water Fund	Total
LIABILITIES			
Current Liabiliies			
Accounts payable	$ 182,935	$ 125,245	$ 308,180
Accrued interest payable	22,749	115,555	138,304
Customer deposits	7,290	8,934	16,224
Advanced revenue		75,000	75,000
Settlement claim payable	400,000		400,000
Lease liability	32,916	32,916	65,832
Current portion of notes payable	338,090	136,656	474,746
Total Current Liabilities	983,980	494,306	1,478,286
Non-Current Liabilities			
Lease liability	30,587	30,587	61,174
Long-term portion of notes payable	3,992,304	4,194,453	8,186,757
Accrued compensated balances	7,467	24,701	32,168
Net pension liability	209,188	165,632	374,820
Total Noncurrent Liabilities	4,239,546	4,415,373	8,654,919
Total Liabilities	5,223,526	4,909,679	10,133,205
Deferred Inflows			
Pension related items	7,244	5,735	12,979
NET POSITION			
Net investment in capital assets	4,089,272	3,453,536	7,542,808
Unrestricted	6,132,377	2,427,311	8,559,688
Total Net Position	10,221,649	5,880,847	16,102,496
Total Liabilities, Deferred Inflows and Net Position	$ 15,452,419	$ 10,796,261	$ 26,248,680

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITON-
PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Sewer Fund	Water Fund	Total
Operating Revenues			
Charges for services	$ 2,011,336	$ 1,173,607	$ 3,184,943
Hook-on fees	491,590	216,320	707,910
Other income		1,161	1,161
Total Operating Revenues	2,502,926	1,391,088	3,894,014
Operating Expenses			
Salaries	289,762	257,125	546,887
Fringe benefits	116,037	89,394	205,431
Professional fees	373,476	65,007	438,483
Maintenance and operations	386,445	195,167	581,612
Depreciation	487,784	341,112	828,896
Total Operating Expenses	1,653,504	947,805	2,601,309
Operating Income (Loss)	849,422	443,283	1,292,705
Non-operating Revenues (Expenses)			
Federal grants		321,675	321,675
State grants	5,147		5,147
Interest revenues	86,005	75,736	161,741
Net pension revenue (expense)	(36,377)	(32,916)	(69,293)
Interest expense	(80,266)	(131,589)	(211,855)
Claim settlement expense	(400,000)		(400,000)
Total Non-operating Revenues (Expenses)	(425,491)	232,906	(192,585)
Income (Loss) Before Transfers	423,931	676,189	1,100,120
Operating Transfers In (Out)			
Transfers out		390,830	390,830
Change in Net Position	423,931	1,067,019	1,490,950
Net Position, Beginning of Year	9,797,718	4,813,828	14,611,546
Net Position, End of Year	$ 10,221,649	$ 5,880,847	$ 16,102,496

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
For the Year Ended September 30, 2024

	Sewer Fund	Water Fund	Total
Cash Flow From Operating Activities			
Cash received from customers	$ 2,501,990	$ 1,384,774	$ 3,886,764
Cash payments to suppliers for goods	(652,468)	(296,939)	(949,407)
Cash payments to employees for services	(361,955)	(288,902)	(650,857)
Net Cash Provided By Operating Activities	1,487,567	798,933	2,286,500
Cash Flows From Noncapital Financing Activities			
Operating transfers in (out)	(92,280)	295,674	203,394
Other non-operating income (loss)	(36,377)	(32,916)	(69,293)
Net Cash Provided By (Used in) Noncapital Financing Activities	(128,657)	262,758	134,101
Cash Flow From Capital and Related Financing Activities			
Acquisition of capital assets and right of use assets	(68,106)	(644,096)	(712,202)
Proceeds from capital grants	5,147	396,675	401,822
Proceeds from new leases	68,107	68,107	136,213
Principal payments on long-term debt and lease obligation	(336,427)	(142,269)	(478,695)
Interest payments on long-term debt	(82,451)	(134,928)	(217,379)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(413,730)	(456,511)	(870,241)
Cash Flows From Investing Activities			
Interest on investments	86,005	75,736	161,741
Net Increase (Decrease) in Cash and Cash Equivalents	1,031,185	680,916	1,712,101
Cash and Cash Equivalents, Beginning of Year	4,827,678	2,127,055	6,954,733
Cash and Cash Equivalents, End of Year	$ 5,858,863	$ 2,807,971	$ 8,666,834

See accompanying notes to basic financial statements

CITY OF DRIGGS, IDAHO
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS (Continued)
For the Year Ended September 30, 2024

	Sewer Fund	Water Fund	Total
Reconciliation of Operating Income (Loss) To Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	$ 849,422	$ 443,283	$ 1,292,705
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Depreciation	487,784	341,112	828,896
Deferred Outflows	28,545	19,044	47,589
Deferred Inflows	937	973	1,910
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(61,889)	(15,248)	(77,137)
(Increase) decrease in other receivables	53,663		53,663
Increase (decrease) in accounts payable	107,453	(36,765)	70,688
Increase (decrease) in net pension liability	6,895	12,899	19,794
Increase (decrease) in compensated absences	7,467	24,701	32,168
Increase (decrease) in deposits	7,290	8,934	16,224
Net Cash Provided By Operating Activities	$ 1,487,567	$ 798,933	$ 2,286,500

See accompanying notes to basic financial statements

Note A – Summary of Significant Accounting Policies

General Statement

City of Driggs, Idaho (the City) was incorporated in May of 1910. The City operates under a Mayor/Council form of government and provides the following services as authorized by its charter: planning and zoning, parks and recreation, streets, water, sewer, public works and general administrative services.

Financial Reporting Entity

The accompanying financial statements present the activities of the City of Driggs (the City) and its single component unit, the Driggs Urban Renewal Agency (URA). In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Organizations for which the City is not financially accountable are also included when doing so is necessary in order to prevent the City's financial statements from being misleading.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component unit. The URA has been discretely presented.

Basis of Presentation

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the governmental entity. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* (government funds) which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities* (proprietary funds) which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program. *Program revenues* include (1) fees, fines, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements: The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements: all non-major funds are aggregated and presented in a single column.

Note A – Summary of Significant Accounting Policies (Continued)

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

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

Road and Street Fund is used to account for the resources accumulated and payments made for street and bridge maintenance, street lighting , traffic engineering, snow removal, street sweeping and storm sewer maintenance. The Road and Street Fund resources are restricted by law to be used only to benefit city streets.

Airport Fund is used to account for the operation of the City's local airport.

Resort Tax Fund accounts for municipal sales tax collections used for improvement to roads and associated infrastructure within the City.

LID *Fund* accounts for the collection of receivables related to special assessments and the payment of the debt relating to the special assessment.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

The *Water and Sewer Fund* are the funds that account for the activities provided to the residents of the City for its utilities. These utilities include water and wastewater.

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. Operating expenses for proprietary funds include the cost of personnel and contractual services, supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Note A – Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of the end of the fiscal year, have been recorded as deferred inflows. Receivables that will not be collected within the available period have also been reported as deferred inflows on the government fund financial statements.

Budgetary Control

Annual budgets are adopted on a basis consistent with state code and generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. Project-length financial plans are adopted for all capital projects funds. Annual operating budgets are adopted for proprietary funds.

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

1. Prior to September 1, the City Council prepare a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.

Budgets are adopted on a basis consistent with generally accepted accounting principles for the general, special revenue, capital projects and debt service funds. All annual appropriations lapse at fiscal year-end. The City Mayor is authorized to transfer budget amounts within departments and between departments within any fund. Revisions that alter the total expenditure appropriation of any fund must be approved by the City Council. State law does not allow fund expenditures to exceed fund appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds.

Cash and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the government are reported at fair value.

Prepaid Expenses

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent year, and the reserve for prepaid expenses has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Note A – Summary of Significant Accounting Policies (Continued)

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of resources are reported as fund balance transfers. All other interfund transfers are reported as operating transfers. These transfers offset each other and are not a part of the government-wide financial statements unless between business-type (enterprise) funds and governmental funds.

Non-tax receivables are recognized as revenues received from the State and Federal governments if designated for the current fiscal period.

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair acquisition cost at the date of donation. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets construction.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-39
Improvements other than buildings	20-100
Equipment and vehicles	5-10

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Note A – Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees of the City are entitled to paid vacation, paid sick leave and personal days off (comp time), depending on job classification, length of service and other factors. All vacation and personal days off are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Governmental funds do not report a liability for these amounts unless payment will be made early in the following year.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

Use of Estimates

The City uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Net Position Classifications

Government-Wide Statements: Net position is displayed in three components as follows:

Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that do not meet the definition of "invested in capital assets, net of related debt" or "restricted"

Fund statements: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to apply restricted resources first and then unrestricted resources as they are needed.

Accounts Receivable

Amounts owed to the City for customer services are due from area residents and businesses and relate to water and sewer services provided by the City. The City analyzes past due accounts and current circumstances to evaluate collectability.

Note A – Summary of Significant Accounting Policies (Continued)

Advanced Revenue

The City reports advanced revenues on its statement of net position and fund balance sheet. Advanced revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized.

Property Tax Calendar

The City's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the City. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

Under Idaho Code Section 50-235, the City cannot levy taxes over nine-tenths percent (.9%) of the total City adjusted market value for real property located within the City. Taxes are due in two installments on December 20 and June 20 following the levy date. Property taxes levied for 2024 are recorded as receivables if uncollected and a deferred revenue amount is recorded, in the fund financial statements, to the extent of taxes not estimated to be collected within 60 days of the end of the accounting period.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows or resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City's only deferred outflow of resources is related to the net pension liability. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2024, deferred inflows represented property taxes receivable unavailable for current use, and pension related items.

Pensions

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

Long-term Obligations

The accounting treatment of long-term debt depends on whether the related assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Long-term debt consists of notes and bonds payable, capital leases, and accrued compensated absences. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Note A – Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types report debt proceeds as other financing sources and payment of principal and interest are reported as expenditures. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note B – Cash and Investments

At September 30, 2024, the City's cash and investments excluding the component unit consisted of the following:

Cash, Investments, and Restricted Cash	Bank Balance	Carrying Amount
Bank deposits	$ 578,090	$ 278,456
Local Government Investment Pool	15,335,646	15,335,646
Total Cash, Investments and Restricted Cash	$ 15,913,736	$ 15,614,102

Investment in State Investment Pools

The City is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP). The LGIP is regulated by State of Idaho code under the oversight of the Treasurer of the State of Idaho. Investments in LGIP are valued using the net asset per share as they do not have readily obtainable fair values and are instead valued based on the District's pro-rata share of the pool's net position. The District values these investments based on information provided by the State of Idaho's Treasurer's Office.

The LGIP is not rated for by a national recognized rating agency for the purpose of credit risk. The State Treasurer is responsible of insuring and collateralizing deposits and investments in LGIP. The following table presents unfunded commitments, redemption frequency and the redemption notice period for the District's investments measured at net asset value.

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local Government Investment Pool	$ 15,335,646	None	Next Business Day	3 Days; Over $10,000,000

Custodial Credit Risk – Deposits

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The City's policy requires all investments should be held in the City's name, in the bank's Trust Department, or alternately in the Federal Reserve Bank. As of September 30, 2024 $302,221 of the City's bank balance was uninsured and uncollateralized.

Note B – Cash and Investments (Continued)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The Local Government Investment Pool (LGIP) is not rated. The funds objectives and overall strategy and structure have not changed.

Interest Rate Risk

Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The City's policy to mitigate interest rate risk is to structure the City's portfolio so that securities mature to meet the City's cash demands and ongoing operations, thereby precluding the need to sell securities to the open market prior to their maturity and primarily invest in shorter-term securities.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The City's policy is to invest no more than 50% of their total investments in a single security type or with a single financial institution, with the exception of the U.S. Treasury Securities, and authorized pools.

Note C – Capital Assets

Capital asset activity for the year ended September 30, 2024 is as follows:

Governmental Activities	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024
Capital assets not being depreciated				
Land	$ 9,946,135	$	$	$ 9,946,135
Construction in progress	1,213,313	2,319,257		3,532,570
Total capital assets, not being depreciated	11,159,448	2,319,257		13,478,705
Capital assets being depreciated				
Building and Improvements	26,772,245	2,014,084		28,786,329
Land improvements	560,504			560,504
Furntirure and fixtures	1,291,384	5,202		1,296,586
Vehides	460,286			460,286
Total capital assets, being depreciated	29,084,419	2,019,286		31,103,705
Less accumulated depreciation	(16,466,189)	(1,193,311)		(17,659,500)
Government activites capital assets, net	$ 23,777,678	$ 3,145,232	$	$ 26,922,910

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	$ 220,785
Airport	372,689
Public Works	599,837
Total depreciation and amortization expense	$ 1,193,311

Note C – Capital Assets (Continued)

Business-type Activities	Balance September 30, 2023	Additions	Deletions	Balance September 30, 2024
Capital assets not being depreciated				
Land	$ 476,651	$	$	$ 476,651
Capital assets being depreciated				
Building and Improvements	23,709,581			23,709,581
Equipment	1,859,535	575,990		2,435,525
Total capital assets, being depreciated	25,569,116	575,990		26,145,106
Less accumulated depreciation	(9,661,260)	(825,111)		(10,486,371)
Right to use leased assets being amortized				
Right of use leased equpiment		136,212		136,212
Accumulated amortization		(3,784)		(3,784)
Net right of use leased assets		132,428		132,428
Buisness-type activites capital assets, net	$ 16,384,507	$ (116,693)	$	$ 16,267,814

Depreciation expense was charged to the enterprise funds as follows:

Business-Type Activites	
Sewer	$ 487,784
Water	341,112
Total depreciation and amortization expense	$ 828,896

Note D – Receivables

Amounts due from other governments and other receivables as of September 30, 2024 consist of the following:

	Other Receivables			
Governmental Activities				
	General	Road/Street	LID	Total
State of Idaho				
Sate revenue sharing	$ 87,343	$	$	$ 87,343
Assessments			366,847	366,847
Highway user revenue		27,199		27,199
Totals	$ 87,343	$ 27,199	$ 366,847	$ 481,389

	Due from other Governments		
Business-Type Activities			
	Sewer	Water	Total
City of Victor	$ 879,603	$	$ 879,603

Note E – Government Fund Balances

As of September 30, 2024, fund balances of the governmental funds are classified as follows:

Nonspendable — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only City Council, Finance Director or the Council's finance committee may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

Note E – Government Fund Balances (Continued)

As of September 30, 2024, fund balances are comprised of the following:

	General Fund	Special Revenue Funds	Total
Nonspendable			
Prepaid items	$ 3,934	$	$ 3,934
Restricted:			
Airport operations and maintenance		912,969	912,969
City improvements		2,190,761	2,190,761
Utility improvements		1,593,400	1,593,400
		4,697,130	4,697,130
Assigned			
LID		170,203	170,203
Non-major funds		191,834	191,834
		362,037	362,037
Unassigned	1,773,424	(17,397)	1,756,027
Total Fund Balances	$ 1,777,358	$ 5,041,770	$ 6,819,128

Note F – Interfund Receivables, Payables, and Transfers

Transfers are indicative of funding for capital projects, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City's transfer activity. For the year then ended September 30, 2024, interfund transfers consisted of the following:

	Transfer out		
	General Fund	Resort Tax	Total
Transfer to:			
Road and street	$ 20,000	$ 330,000	$ 350,000
Airport	41,250		41,250
Water	390,830		390,830
	$ 452,080	$ 330,000	$ 782,080

Note G – Pension Plan

Plan Description

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

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

Note G – Pension Plan (Continued)

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024 it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. City of Driggs, Idaho's contributions were $144,740 for the year ended September 30, 2024.

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

At September 30, 2024, City of Driggs, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.02557775 percent.

Note G – Pension Plan (Continued)

For the year ended September 30, 2024, City of Driggs, Idaho recognized net pension expense of $157,640. At September 30, 2024 City of Driggs, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 152,327	$
Changes in assumptions or other inputs	37,902	
Net difference between projected and actual earnings on pension plan investments		17,367
Changes in the City's proportion and differences between the City's contributions and the employer's proportionate contributions contributions	86,613	15,763
City's contributions subsequent to the measurement date	35,190	
Total	$ 312,032	$ 33,130

$35,190 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023, the beginning of the measurement period ended June 30, 2024 is 4.4 and 4.4 for the measurement period June 30, 2024.

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

Year Ending June 30,	Amount
2025	$ 79,965
2026	204,506
2027	(22,086)
2028	(18,673)

Note G – Pension Plan (Continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary inflation	3.05%
Salary increases	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries -Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries -Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

Note G – Pension Plan (Continued)

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	39.3%
US/Global Equity	55.0%	50.0%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liabilty	$ 1,818,166	$ 956,773	$ 253,234

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At September 30, 2024, the City reported no payables to the defined benefit pension plan for legally required employee contributions.

Note H – Leases

Leases Liability: Under GASB 87, a lessee is required to recognize a lease liability and an intangible right to use asset. The City entered into a non-cancelable lease for water and sewer equipment. The equipment lease require annual payments ranging from $65,590 to $75,000 through September 2026. The lease liability is calculated using discount rates of 6.99%. Amortization of the lease expense was $3,784 and interest paid was $793 for the year ended September 30, 2024. Future minimum payments are as follows:

Maturity Date	Principal	Interest
2025	$ 65,832	$ 9,168
2026	61,174	4,416
	$ 127,006	$ 13,584

Note I – Long-Term Debt

	October 1, 2023	Increases	Decreases	September 30, 2024	Due within a year
Govermental activities					
Revenue Bond 2018	$ 554,883	$	$ (48,309)	$ 506,574	$ 49,570
Bond Anticipation Note Payable		637,637		637,637	637,637
Compensated Absences		72,637		72,637	
Total	$ 554,883	$ 710,274	$ (48,309)	$ 1,216,848	$ 687,207

	October 1, 2023	Increases	Decreases	September 30, 2024	Due within a year
Business-Type activities					
Water/Sewer Revenue Bond Payable	$ 113,973	$	$ (26,832)	$ 87,141	$ 28,173
RDA Water Loan	279,789		(18,110)	261,679	18,924
DEQ NP -2005 water	76,746		(40,408)	36,338	36,338
DEQ NP -2016 sewer	4,605,230		(318,407)	4,286,823	324,004
RDA NP -2016 water	4,055,253		(65,731)	3,989,522	67,307
Lease liability		136,213	(9,207)	127,006	65,832
Compensated absences		32,168		32,168	
Total	$ 9,130,991	$ 168,381	$ (478,695)	$ 8,820,677	$ 540,578

Governmental Activities

Revenue Bond 2018 – LID Fund

In July 2020, the City financed a local improvement district long-term note for revenue bonds with the Washington Trust Bank. The original amount was $773,263. The bonds have an interest rate of 2.58% and are repayable in annual installments in the amount of $62,796 with the first payment beginning June 2021.

Note I – Long-Term Debt (Continued)

Bond Anticipation Note, Series 2024

On August 13, 2024, the City financed a local improvement district long-term note for with the Bank of Commerce. The amount used and drawn was $637,637. The bonds have an interest rate of 5.50% and are payable on or before August 13,2025.

Business-type Activities

Water/Sewer Revenue Bond Payable

In November 1997, the City issued a Sewer Revenue Bond in the original amount of $500,000, which bears interest at 5% per annum. The bond is repayable in annual installments of $32,530.

Rural Development Agency Water Loan

In November 2004, the City financed a long-term note with RDA for the completion of the Driggs Springs Water Project. The original amount was $500,000. The note bears interest at 4.5% per annum and is repayable in annual installments of $30,700.

Rural Development Agency Bond Payable

In November 2018, the City issued a Water Revenue Bond with an original amount of $4,300,000, which bears interest at 2.875% per annum. The bond is repayable in annual installments of $182,320.

Department of Environmental Quality Note Payable

In October 2005, the City financed a long-term note with the Idaho Department of Environmental Quality for revenue bonds with the Idaho Bond Bank in the original amount of $600,000. The bonds have a fixed interest rate of 3.7% and are repayable in biannual installments with the first payment beginning February 2006.

Department of Environmental Quality Note Payable

In June 2016, the City of Driggs financed a long-term note with the Idaho Department of Environmental Quality. The note has a stated interest rate of 0% and is repayable in biannual installments beginning December 2016. The City of Driggs has imputed interest at 1.75%, which reduces the loan amount to $6,685,292. The difference between the stated balance of $7,952,236 and the imputed balance of $6,685,292 was treated as contributed capital. The bond is repayable in annual installments of $397,612.

Note I – Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of September 30, 2024, including interest, are as follows:

	Governmental Activities		Buisness -type Activities	
Maturity Date	Principal	Interest	Principal	Interest
2025	$ 687,207	$ 13,226	$ 474,746	$ 205,436
2026	50,865	11,931	448,613	194,549
2027	52,192	10,604	457,103	182,916
2028	53,555	9,241	436,599	174,033
2029	54,953	7,843	445,397	165,235
2030-2034	245,439	16,643	2,372,003	681,157
2035-2039			1,282,317	454,949
2040-2044			547,417	364,183
2045-2049			630,663	280,937
2050-2054			726,921	184,679
2055-2059			839,724	71,875
	$ 1,144,211	$ 69,488	$ 8,661,503	$ 2,959,949

Note J – Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Note K - Component Unit – Driggs Urban Renewal Agency Reporting Entity

In evaluating how to define the City, 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 within 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. Other criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity include the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of the component unit addressed in defining the government's reporting entity.

Note K - Component Unit – Driggs Urban Renewal Agency Reporting Entity (Continued)

Included with the reporting entity:

Driggs Urban Renewal Agency - This component unit was organized to make improvements to infrastructure in specific areas of the City area. It derives its revenues from the incremental tax increases that all taxing districts forfeit from increase in value of the land and buildings in the new construction areas.

Related Party Transaction with Component Unit - During the year ended September 30, 2024, the City received $3,482 from the component unit and was owed $15,211 from them.

Note L – Contingencies: Settlements and Litigation

The City of Driggs is involved in various legal proceedings and claims that arise in the normal course of governmental operations. Although the outcome of these matters is not presently determinable, management believes the City has valid defenses and that any ultimate resolution of these matters will not have a material adverse effect on the City's financial position or operations. The City of Driggs intends to defend its position in these ongoing legal matters.

In the current year, the City was subject to a legal matter related to wastewater treatment plant (WWTP). This matter resulted in a civil penalty judgment of $400,000 against the City. Payment of the civil penalty is due in fiscal year 2025. As part of the injunctive relief associated with the settlement, the City will also construct a new WWTP. No further financial exposure to damages is anticipated beyond the civil penalty and planned construction. The $400,000 judgement is reported as a settlement claim payable in City's Sewer fund in the statement of net position as of September 30, 2024.

Note M – Deficit Fund Balance

The City has a deficit fund balance in the Road/Street fund totaling ($17,397) as of September 30, 2024 below due to unexpected accrual expenditures in fiscal year ending September 30, 2024. The deficit is expected to be recovered through the normal course of operations in the succeeding fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DRIGGS, IDAHO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Ammended Budget	Actual	Variance
Revenues				
Property taxes	$ 721,767	$ 721,767	$ 734,405	$ 12,638
Resort taxes	50,000	50,000	50,000	
Intergovernmental revenues and grants	843,505	1,234,335	1,056,924	(177,411)
Licenses, permits, and fees	128,853	223,000	335,238	112,238
Fines	20,000	20,000	18,101	(1,899)
Interest	5,000	80,000	167,203	87,203
Miscellaneous	475,437	508,637	140,386	(368,251)
Total Revenue	2,244,562	2,837,739	2,502,257	(335,482)
Expenditures				
General and administrative	1,917,640	1,935,640	1,666,145	269,495
Capital outlay	6,000	6,000	210,710	(204,710)
Contingency		164,347		164,347
Total Expenditures	1,923,640	2,105,987	1,876,855	229,132
Excess (Deficiency) of Revenues Over Expenditures	320,922	731,752	625,402	(106,350)
Other Financing Sources (Uses)				
Transfers in (out)	(320,922)	(731,752)	(452,080)	279,672
Total Other Financing Sources	(320,922)	(731,752)	(452,080)	279,672
Net Change in Fund Balance			173,322	$ 173,322
Fund Balance, Beginning of Year			1,604,036	
Fund Balance, End of Year	$	$	$ 1,777,358	

CITY OF DRIGGS, IDAHO
ROAD/STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Ammended Budget	Actual	Variance
Revenues				
Property taxes	$ 240,000	$ 240,000	194,050	$ (45,950)
Intergovrmental revenues and grants	1,065,040	1,065,040	648,655	(416,385)
Total Revenue	1,305,040	1,305,040	842,705	(462,335)
Expenditures				
General and administratieve	521,922	521,922	280,018	241,904
Public works	479,222	479,222	303,430	175,792
Capital outlay	593,896	613,896	647,692	(33,796)
Total Expenditures	1,595,040	1,615,040	1,231,140	383,900
Excess (Deficiency) of Revenues Over Expenditures	(290,000)	(310,000)	(388,435)	(78,435)
Other Financing Sources (Uses)				
Transfers in (out)	290,000	310,000	350,000	40,000
Total Other Financing Sources	290,000	310,000	350,000	40,000
Net Change in Fund Balance			(38,435)	$ (38,435)
Fund Balance, Beginning of Year			21,038	
Fund Balance, End of Year	$	$	$ (17,397)	

CITY OF DRIGGS, IDAHO
AIRPORT FUND
STATEMENT OF REVENUES, EXPEDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Ammended Budget	Actual	Variance
Revenues				
Intergovermental revenues and grants	$ 10,218,667	$ 10,218,667	$ 2,454,921	$ (7,763,746)
Licenses, permits and fees	343,153	343,153	383,563	40,410
Interest	1,000	1,000	14,346	13,346
Miscellaneous	100,000	100,000	80,362	(19,638)
Total Revenue	10,662,820	10,662,820	2,933,192	(7,729,628)
Expenditures				
General and administrative	392,454	392,454	361,128	31,326
Capital outlay	10,311,616	10,311,616	2,347,751	7,963,865
Total Expenditures	10,704,070	10,704,070	2,708,879	7,995,191
Excess (Deficiency) of Revenues Over Expenditures	(41,250)	(41,250)	224,313	265,563
Other Financing Sources (Uses)				
Transfers in (out)	41,250	41,250	41,250	
Total Other Financing Sources	41,250	41,250	41,250	
Net Change in Fund Balance			265,563	$ 265,563
Fund Balance, Beginning of Year			647,406	
Fund Balance, End of Year	$	$	$ 912,969	

CITY OF DRIGGS, IDAHO
RESORT TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Ammended Budget	Actual	Variance
Revenues				
Resort tax	$ 1,000,000	$ 1,200,000	$ 1,288,343	$ 88,343
Interest earned	2,500	100,500	108,620	8,120
Miscelleanous		13,640	13,700	60
Total Revenue	1,002,500	1,314,140	1,410,663	96,523
Expenditures				
General and administrative	345,000	401,905	275,139	126,766
Capital outlay	327,500	582,235	315,112	267,123
Total Expenditures	672,500	984,140	590,251	393,889
Excess (Deficiency) of Revenues Over Expenditures	330,000	330,000	820,412	490,412
Other Financing Sources (Uses)				
Transfers in (out)	(330,000)	(330,000)	(330,000)	
Total Other Financing Sources	(330,000)	(330,000)	(330,000)	
Net Change in Fund Balance			490,412	$ 490,412
Fund Balance, Beginning of Year			1,700,349	
Fund Balance, End of Year	$	$	$ 2,190,761	

CITY OF DRIGGS, IDAHO
LID FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-
For the Year Ended September 30, 2024

	Original Budget	Ammended Budget	Actual	Variance
Revenues				
LID principal	$ 48,309	$ 48,309	$ 49,784	$ 1,475
LID interest / late fees	14,487	14,487	16,771	2,284
Total Revenue	62,796	62,796	66,555	3,759
Expenditures				
Bond financing	1,000,000	1,000,000	10,119	989,881
Interest on debt	14,487	14,487	14,618	(131)
Principal on debt	48,309	48,309	48,309	
Capital outlay			637,638	(637,638)
Total Expenditures	1,062,796	1,062,796	710,684	352,112
Excess (Deficiency) of Revenues Over Expenditures	(1,000,000)	(1,000,000)	(644,129)	355,871
Other Financing Sources (Uses)				
Loan Proceeds	1,000,000	1,000,000	637,637	(362,363)
Total Other Financing Sources	1,000,000	1,000,000	637,637	
Net Change in Fund Balance			(6,492)	$ (6,492)
Fund Balance, Beginning of Year			176,695	
Fund Balance, End of Year	$	$	$ 170,203	

CITY OF DRIGGS, IDAHO
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS
For the Year Ended September 30, 2024

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.017%	0.017%	0.017%	0.019%	0.020%	0.022%	0.024%	0.024%	0.024%	0.003%
Employer's proportionate share of the net pension liability	$ 221,886	$ 348,701	$ 262,703	$ 278,939	$ 231,191	$ 514,643	$ (19,028)	$ 957,035	$ 941,051	$ 956,773
Employer's covered payroll	$ 491,661	$ 519,375	$ 529,457	$ 637,343	$ 706,190	$ 826,702	$ 900,986	$ 936,685	$ 1,076,496	$ 1,253,470
Employer's proportionate share of net pension liability as a percentage of its covered payroll	45.13%	67.14%	49.62%	43.77%	32.74%	62.25%	-2.11%	102.17%	87.42%	76.33%
Plan fiduciary net position as a percentage of total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	83.09%	85.54%

Data reported is measured as of June 30, 2024 (measurement date)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$ 55,116	$ 56,950	$ 58,762	$ 73,439	$ 77,499	$ 86,953	$ 95,123	$ 114,406	$ 119,717	$ 144,740
Contributions in relation to statutorily required contribution	$ 55,656	$ 58,793	$ 59,935	$ 72,147	$ 80,778	$ 98,708	$ 107,578	$ 111,840	$ 126,845	$ 144,740
Contribution (deficiency) excess	540	1,843	1,173	(1,292)	3,279	11,755	12,455	(2,566)	7,128	-
Employer's covered payroll	$ 491,661	$ 519,375	$ 529,457	$ 637,343	$ 706,190	$ 826,702	$ 900,986	$ 936,685	$ 1,076,496	$ 1,277,616
Contributions as a percentage of covered payroll	11.32%	11.43%	11.32%	11.32%	11.44%	11.94%	11.94%	11.94%	11.78%	11.33%

Data reported is measured as of September 30, 2024 (The City's fiscal year end)

FEDERAL REPORTS

HARRIS
CPAs P.C.

INDEPENDENT AUDITORS' 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 Driggs, Idaho
Driggs, 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 Governmental 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 Driggs, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Driggs, Idaho's basic financial statements, and have issued our report thereon dated April 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Driggs, 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 City of Driggs, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Harris CPAs P.C.

Meridian, Idaho
April 10, 2025

HARRIS
CPAs P.C.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Driggs, Idaho
Driggs, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Driggs' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Driggs, Idaho's major federal programs for the year ended September 30, 2024. City of Driggs, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Driggs, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Driggs, Idaho and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Driggs, Idaho' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Driggs, Idaho' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Driggs, Idaho's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the

aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Driggs, Idaho's, compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Driggs, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Driggs, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Driggs, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harris CPAs P.C.

Meridian, Idaho
April 10, 2025

CITY OF DRIGGS, IDAHO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

Federal Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:			
Direct payments:			
Airport Improvement Program	20.106	N/A	$ 2,235,998
National Infrastructure Investments	20.933	N/A	291,300
U.S. DEPARTMENT OF THE TREASURY:			
Direct payments:			
Coronavirus State and Local Fiscal Recovery	21.027	N/A	712,505
Total expenditures of federal awards			$ 3,239,803

CITY OF DRIGGS, IDAHO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Driggs, Idaho and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the City of Driggs, Idaho, it is not intended to and does not present the financial position, changes in net position, or cash flows to the City of Driggs, Idaho.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The City of Driggs, Idaho has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF DRIGGS, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness identified?	_____ yes	X no	
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	X	none reported
Noncompliance material to the financial statements noted?	_____ yes	X no	

Federal Awards

Internal control over major programs:			
• Material weakness identified?	_____ yes	X no	
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	X	none reported
Type of auditors' report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?	_____ yes	X no	

Identification of major programs:

ALN Number	Name of Federal Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000		
Auditee qualified as a low-risk auditee?	_____ yes	X no	

SECTION II – FINANCIAL STATEMENT FINDINGS

No Findings related to the financial statements were noted which are required to be reported under generally accepted governmental auditing standards (GAGAS).

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings related to the federal awards were noted which would be required to be reported under generally accepted governmental auditing standards (GAGAS) and the Uniform Guidance