CITY OF CRAIGMONT

FINANCIAL STATEMENTS

Year Ended September 30, 2024

CITY OF CRAIGMONT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Craigmont
Craigmont, Idaho

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 schedule of pension funding and the budgetary comparison schedules on pages 34 through 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in the 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.

The City of Craigmont has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Craigmont's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2025, on our consideration of the City of Craigmont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Craigmont's internal control over financial reporting and compliance.

Presnell Gage, PLLC

May 15, 2025
Lewiston, Idaho

CITY OF CRAIGMONT

STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities	Business-Type Activities	**Total**
ASSETS			
CURRENT ASSETS			
Cash and investments	$ 1,016,313	$ 806,790	**$ 1,823,103**
Receivables			
Delinquent taxes	13,925		**13,925**
Accounts		31,721	**31,721**
Intergovernmental	21,678		**21,678**
Grant	33,452	2,608,042	**2,641,494**
Prepaid expenses	1,091	1,320	**2,411**
Interfund balances	95,539	(95,539)	**0**
Total current assets	1,181,998	3,352,334	**4,534,332**
NONCURRENT ASSETS			
Capital assets, net of accumulated depreciation	2,716,279	4,896,326	**7,612,605**
Total noncurrent assets	2,716,279	4,896,326	**7,612,605**
Total assets	3,898,277	8,248,660	**12,146,937**
DEFERRED OUTFLOWS OF RESOURCES			
Defined benefit pension	19,243	15,517	**34,760**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	26,659	2,625,503	**2,652,162**
Unearned revenue - ARPA		71,837	**71,837**
Unearned revenue - rent	4,200		**4,200**
Unearned revenue - Sidewalk Grant	682,000		**682,000**
Total current liabilities	712,859	2,697,340	**3,410,199**
LONG-TERM OBLIGATIONS			
Net pension liability	53,734	43,331	**97,065**
Total long-term obligations	53,734	43,331	**97,065**
Total liabilities	766,593	2,740,671	**3,507,264**
DEFERRED INFLOWS OF RESOURCES			
Defined benefit pension	11,948	9,635	**21,583**
NET POSITION			
Investment in capital assets, net of related debt	2,716,279	4,896,326	**7,612,605**
Unrestricted	422,700	617,545	**1,040,245**
Total net position	$ 3,138,979	$ 5,513,871	**$ 8,652,850**

See accompanying notes

CITY OF CRAIGMONT

STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	**Total**
Governmental Activities							
General government	$ 178,128	$ 17,450			$ (160,678)		**$ (160,678)**
Police protection	17,823				(17,823)		**(17,823)**
Fire protection	12,336				(12,336)		**(12,336)**
Transportation	73,487		$ 46,587	$ 833,955	807,055		**807,055**
Recreation	29,150			27,650	(1,500)		**(1,500)**
Airport	4,053	11,510		75,269	82,726		**82,726**
Cemetery	28,995	1,025			(27,970)		**(27,970)**
Unallocated depreciation	77,885				(77,885)		**(77,885)**
Unallocated change in PERSI	(4,894)				4,894		**4,894**
Interest on long-term obligations	1,498				(1,498)		**(1,498)**
Total governmental activities	$ 418,461	$ 29,985	$ 46,587	$ 936,874	594,985	$ 0	**594,985**
Business-Type Activities							
Water	$ 114,707	$ 99,817				(14,890)	**(14,890)**
Sewer	110,053	182,035		$ 4,045,715		4,117,697	**4,117,697**
Sanitation	99,712	102,508				2,796	**2,796**
Total business-type activities	$ 324,472	$ 384,360	$ 0	$ 4,045,715		4,105,603	**4,105,603**
General revenues:							
Property taxes, levied for general purposes					274,938		**274,938**
State liquor taxes					6,049		**6,049**
Other state and federal funding not restricted to specific programs					57,606		**57,606**
Interest and investment earnings					54,301	20,324	**74,625**
Other general revenues					73,320		**73,320**
					466,214	20,324	**486,538**
Change in net position					1,061,199	4,125,927	**5,187,126**
Net position, beginning					2,077,780	1,387,944	**3,465,724**
Net position, ending					$ 3,138,979	$ 5,513,871	**$ 8,652,850**

See accompanying notes

CITY OF CRAIGMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2024

	General	Streets	Cemetery	Airport	Parks and Recreation	**Total Governmental Funds**
ASSETS						
Cash and investments	$ 408,081	$ 457,272	$ 113,448	$ 23,571	$ 13,941	**$ 1,016,313**
Receivables						
Delinquent taxes	7,258	5,529		423	715	**13,925**
Intergovernmental	15,884	5,794				**21,678**
Grants		20,902			12,550	**33,452**
Prepaid expenditures	1,091					**1,091**
Interfund receivables		493,664				**493,664**
Total assets	$ 432,314	$ 983,161	$ 113,448	$ 23,994	$ 27,206	**$ 1,580,123**
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 1,622	$ 3,427	$ 18,060		$ 3,550	**$ 26,659**
Interfund payables	351,719			$ 23,462	22,944	**398,125**
Total liabilities	353,341	3,427	18,060	23,462	26,494	**424,784**
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	7,221	5,502		421	712	**13,856**
Unearned revenue - rent	4,200					**4,200**
Unearned revenue - grants		682,000				**682,000**
Total deferred inflows of resources	11,421	687,502	0	421	712	**700,056**
FUND BALANCES						
Assigned		292,232	95,388	111		**387,731**
Unassigned	67,552					**67,552**
Total fund balances	67,552	292,232	95,388	111	0	**455,283**
Total liabilities and fund balances	$ 432,314	$ 983,161	$ 113,448	$ 23,994	$ 27,206	**$ 1,580,123**

See accompanying notes

CITY OF CRAIGMONT

RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2024

Total fund balances - Governmental Funds		$ 455,283
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 as assets in governmental funds:		
Cost of capital assets	$ 3,888,529	
Accumulated depreciation	(1,172,250)	
		2,716,279
Deferred outflows and deferred inflows for pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred outflows		19,243
Deferred inflows		(11,948)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension (liability) asset		(53,734)
Property taxes receivable to be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		13,856
Total net position - Governmental Activities		$ 3,138,979

See accompanying notes

CITY OF CRAIGMONT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2024

	General	Streets	Cemetery	Airport	Parks and Recreation	**Total Governmental Funds**
REVENUES						
Property taxes	$ 141,960	$ 112,425		$ 7,500	$ 12,499	**$ 274,384**
Licenses and permits	25,594					**25,594**
Intergovernmental revenues	63,655	880,542		75,269	27,650	**1,047,116**
Charges for services	17,450		$ 1,025	11,510		**29,985**
Earnings on investments	8,475	40,425	5,030		371	**54,301**
Other	11,596		29,080		7,050	**47,726**
Total revenues	268,730	1,033,392	35,135	94,279	47,570	**1,479,106**
EXPENDITURES						
General government	178,128					**178,128**
Law enforcement	17,823					**17,823**
Fire protection	12,336					**12,336**
Transportation		73,487				**73,487**
Recreation					29,150	**29,150**
Airport				4,053		**4,053**
Cemetery			28,995			**28,995**
Capital outlay		918,359		90,115	27,650	**1,036,124**
Debt service	13,755					**13,755**
Total expenditures	222,042	991,846	28,995	94,168	56,800	**1,393,851**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,688	41,546	6,140	111	(9,230)	**85,255**
OTHER FINANCING SOURCES (USES)						
Transfers in					9,150	**9,150**
Transfers out	(9,150)					**(9,150)**
Total other financing sources (uses)	(9,150)	0	0	0	9,150	**0**
NET CHANGE IN FUND BALANCES	37,538	41,546	6,140	111	(80)	**85,255**
FUND BALANCES AT BEGINNING OF YEAR	30,014	250,686	89,248		80	**370,028**
FUND BALANCES AT END OF YEAR	$ 67,552	$ 292,232	$ 95,388	$ 111	$ 0	**$ 455,283**

See accompanying notes

CITY OF CRAIGMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

Net change in fund balances - Total Governmental Funds	$	85,255
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation:		
Current year capital outlay		1,036,124
Current year depreciation		(77,885)
Amounts borrowed on long-term debt are reported in the governmental funds as other financing sources. Amounts repaid on long-term debt are reported in the governmental funds as expenditures. However, for governmental activities, the borrowing and repayment of funds is reflected as outstanding long-term debt:		
Current year capital lease payments		13,755
Current year interest expense		(1,498)
Net pension liability and the related deferred outflows and deferred inflows are not considered available for the governmental funds in the current year.		
Current year net pension liability, deferred outflows, and deferred inflows		4,894
Some amounts receivable will not be collected for several months after the fiscal year-ends, and they are not considered available revenues in the governmental funds. Instead, they are counted as unavailable tax revenues. They are, however, recorded as revenues in the statement of activities:		
Current year taxes receivable		13,856
Prior year taxes receivable		(13,302)
Change in net position - Governmental Activities	$	1,061,199

See accompanying notes

CITY OF CRAIGMONT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	**Totals**
ASSETS				
CURRENT ASSETS				
Cash and investments	$ 21,126	$ 766,543	$ 19,121	**$ 806,790**
Receivables				
Accounts	6,006	16,523	9,192	**31,721**
Grant		2,608,042		**2,608,042**
Prepaid expenses	1,320			**1,320**
Interfund receivables	16,645		3,236	**19,881**
Total current assets	45,097	3,391,108	31,549	**3,467,754**
NONCURRENT ASSETS				
Capital assets, net	53,339	4,842,987		**4,896,326**
Total noncurrent assets	53,339	4,842,987	0	**4,896,326**
Total assets	98,436	8,234,095	31,549	**8,364,080**
DEFERRED OUTFLOWS OF RESOURCES				
Defined benefit pension	6,817	8,700		**15,517**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	2,113	2,616,013	7,377	**2,625,503**
Interfund payables		115,420		**115,420**
Unearned revenue - ARPA		71,837		**71,837**
Total current liabilities	2,113	2,803,270	7,377	**2,812,760**
LONG-TERM OBLIGATIONS				
Net pension liability	19,037	24,294		**43,331**
Total long-term obligations	19,037	24,294	0	**43,331**
Total liabilities	21,150	2,827,564	7,377	**2,856,091**
DEFERRED INFLOWS OF RESOURCES				
Defined benefit pension	4,233	5,402		**9,635**
NET POSITION				
Investment in capital assets, net of related debt	53,339	4,842,987		**4,896,326**
Unrestricted	26,531	566,842	24,172	**617,545**
Total net position	$ 79,870	$ 5,409,829	$ 24,172	**$ 5,513,871**

See accompanying notes

CITY OF CRAIGMONT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	**Totals**
OPERATING REVENUES				
Charges for sales and services	$ 99,817	$ 182,035	$ 102,508	**$ 384,360**
Total operating revenues	99,817	182,035	102,508	**384,360**
OPERATING EXPENSES				
Production and treatment	101,516			**101,516**
Collection and transmission		78,269		**78,269**
Depreciation	7,178	21,196		**28,374**
Garbage services			99,712	**99,712**
Total operating expenses	108,694	99,465	99,712	**307,871**
OPERATING INCOME (LOSS)	(8,877)	82,570	2,796	**76,489**
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	907	19,241	176	**20,324**
PERSI retirement actuarial change	(6,013)	(10,588)		**(16,601)**
Total nonoperating revenues (expenses)	(5,106)	8,653	176	**3,723**
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(13,983)	91,223	2,972	**80,212**
CONTRIBUTIONS AND TRANSFERS				
Capital contributions		4,045,715		**4,045,715**
Total contributions and transfers	0	4,045,715	0	**4,045,715**
INCREASE (DECREASE) IN NET POSITION	(13,983)	4,136,938	2,972	**4,125,927**
NET POSITION AT BEGINNING OF YEAR	93,853	1,272,891	21,200	**1,387,944**
NET POSITION AT END OF YEAR	$ 79,870	$ 5,409,829	$ 24,172	**$ 5,513,871**

See accompanying notes

CITY OF CRAIGMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	**Totals**
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 99,228	$ 181,309	$ 103,247	**$ 383,784**
Cash paid for payroll	(30,442)	(39,140)	(2,297)	**(71,879)**
Cash paid for operating expenses	(76,774)	(39,081)	(99,811)	**(215,666)**
Net cash provided (used) by operating activities	(7,988)	103,088	1,139	**96,239**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund repayment activity	(16,645)	115,420	(3,236)	**95,539**
Net cash provided (used) by noncapital financing activities	(16,645)	115,420	(3,236)	**95,539**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchase and construction of capital assets		(1,583,203)		**(1,583,203)**
Capital contributions		1,632,964		**1,632,964**
Net cash provided (used) by capital financing activities	0	49,761	0	**49,761**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	907	19,241	176	**20,324**
Net cash provided (used) by investing activities	907	19,241	176	**20,324**
Net change in cash	(23,726)	287,510	(1,921)	**261,863**
Cash and cash equivalents at beginning of year	44,852	479,033	21,042	**544,927**
Cash and cash equivalents at end of year	$ 21,126	$ 766,543	$ 19,121	**$ 806,790**

See accompanying notes

CITY OF CRAIGMONT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	**Totals**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	$ (8,877)	$ 82,570	$ 2,796	**$ 76,489**
Adjustment to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	7,178	21,196		**28,374**
Changes in:				
Accounts receivable	(589)	(726)	739	**(576)**
Prepaid expenses	(1,320)			**(1,320)**
Accounts payable	(4,380)	2,437,560	(2,396)	**2,430,784**
Remove accounts payable for construction of capital assets		(2,437,512)		**(2,437,512)**
Net cash provided (used) by operating activities	$ (7,988)	$ 103,088	$ 1,139	**$ 96,239**

See accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Craigmont is an incorporated city of the State of Idaho. The City operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: police and fire protection, transportation, cemetery, airport, recreation, and general administrative services. Other services include utility operations.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below:

A. Reporting Entity

The City, for financial purposes, includes all the funds relevant to the operations of the City of Craigmont, Idaho. The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Craigmont has no component units.

B. Measurement Focus Basis of Accounting and Basis of Presentation

Government-Wide and Proprietary Fund Financial Statements: The government-wide and proprietary financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are non-exchange transactions, and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

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

Proprietary funds are presented in the financial statements on the accrual basis of accounting, similar to the basis used by government-wide statements and are accounted for on a flow of economic resources measurement focus. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this measurement, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay the liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of long-term debt are reported as other financing resources.

The City considers all revenues available if they are collected within sixty (60) days after year-end. The City reports unearned revenue in its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Intergovernmental revenues and sales and services are not susceptible to accrual because they generally are not measurable until received in cash.

Restricted Resources

Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Restricted Resources (Continued)

Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable. Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted. Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed. Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned. Includes amounts that are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed.

Unassigned. Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

Government-Wide Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes, intergovernmental revenues, and other non-exchange transactions, from business-type activities, generally financed in whole or in part with fees charged to external customers. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the function program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. These revenues are subject to externally imposed restrictions to these program uses. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Government-Wide Statements (Continued)

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, including the reclassification or elimination of internal activity (between or within funds).

Fund Financial Statements

The fund financial statements provide information about the City's fund categories. Separate statements for each fund category - governmental funds and proprietary funds are presented. The City does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and sanitation funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue, the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses of the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Funds. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The City reports the following major governmental funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued).

- Street Fund. The street fund is responsible for the construction and maintenance of streets and traffic services within the City.
- Cemetery Fund. The cemetery fund is responsible for the operation and maintenance of the City cemetery.
- Airport Fund. The airport fund is responsible for the construction and maintenance of the airport.
- Parks and Recreation Fund. The parks and recreation fund is responsible for the operation and maintenance of the City's parks and recreation programs.

Proprietary Funds. All proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Proprietary funds include enterprise funds and internal service funds.

Enterprise Funds. Enterprise funds are used to account for activities that are similar to those often found in the private sector.

The City reports the following major Enterprise Funds:

- Water Fund. This activity provides and distributes water primarily to City residents.
- Sewer Fund. This activity provides for the collection and treatment of the sewer primarily to City residents.
- Sanitation Fund. This activity provides sanitation services to all City residents.

Internal Service Funds. The City does not have any internal service funds.

C. Assets, Liabilities, and Equity

Deposits and Investments. The City'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.

State statutes authorized the City to invest in obligations of the State of Idaho and its agencies, U.S. Treasury and U.S. agencies, City coupon and local improvement district bonds, repurchase agreements, tax and revenue anticipation bonds, notes, and the State Treasurer's Local Government Investment Pool.

The City's investments consist of deposits in the Idaho State Treasurer's Local Government Investment Pool (LGIP), Wells Fargo, and Cottonwood Community Federal Credit Union. Investments are stated at fair value, except for certificates of deposits, which are carried at amortized cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

Deposits and Investments (Continued). Deposits in the LGIP represent an interest in the pool rather than ownership of specific securities. The State Treasurer is the custodian of the LGIP and no other regulatory oversight for the pool is established. The State Treasurer combines deposits from all governmental entities in the state, which participate in the pool, and purchases the following types of investments:

Local Certificates of Deposit
Repurchase Agreements
Corporate Bond/s Notes
U.S. Government Securities
Money Market Funds

The participating entities' interest in the pool is calculated by dividing the individual entity's deposits by the total deposits held in the pool. The purpose of this is to increase the overall rate of return and reduce the risk of default.

Receivables and Payables. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund balances" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements.

All trade accounts receivable are shown net of an allowance for doubtful accounts. Trade accounts receivable allowance for uncollectables is calculated based upon past experience and management's assessment of the current receivables. Substantially, all property taxes are collected; therefore, no allowance is provided for property taxes.

The City's property taxes are levied by Lewis County in November and payable on December 20 and June 20 following the levy date. Taxes are remitted to the City in the month following collection. The taxes are delinquent and a lien is filed the day following the due date. A tax deed is issued on property three years from the date of delinquency. At fiscal year-end, the receivables represent delinquent taxes. Amounts not paid within 30 days are recorded as deferred revenue for the fund financial statements.

Inventory. The cost of inventories is recorded as expenditures when purchased rather than when consumed.

Capital Assets. Capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The City records all capital assets at their original cost. Assets acquired prior to 2005 are recorded at their estimated original cost.

The City capitalizes equipment with an original unit cost of $3,000 or more and an expected life of more than 3 years. The City capitalizes property improvements and infrastructure with an estimated cost of $10,000 or more that is expected to extend the property life by 10 years or more.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

Capital Assets (Continued). Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings – 30 years; vehicles – 7 years; machinery and equipment – 10 years; road equipment – 10 years; computer equipment – 3 years; infrastructure – 30 years.

Compensated Absences. The City is required to accrue a liability for employee's compensation for future absences if specific conditions are met. The City does not meet these conditions; therefore, no amount is accrued in the financial statements as of September 30, 2024.

Cash Flow Statement. The City considers all bank accounts to be cash for the statement of cash flow purposes.

Use of Estimates. The City uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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 vary from the estimates that the City uses.

Pensions. For purposes of measuring the net pension liability, asset, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERSI. 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.

Government-wide and Proprietary Fund Net Position. Government-wide and proprietary fund net position are divided into three components:

- Invested in capital assets, net of related debt—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted net position—consist of net position that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

- Unrestricted—all other net position is reported in this category.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and, so, will not be recognized as an outflow of resources (expense/expenditure) until then. For example, grant expenditures paid in advance of meeting timing requirements. Deferred outflows of resources reported in this year's government-wide financial statements include amounts related to the City's participation in PERSI as outlined in Note 5 part C – Pension Plan. No deferred outflows of resources affect the fund financial statements in the current year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued). In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and, so, will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported in this year's government-wide financial statements include amounts related to the City's participation in PERSI as outlined in Note 5 part C – Pension Plan. The City has only one type of item in the fund financial statements, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Lease Obligations. A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange like transaction. The City occasionally leases nonfinancial assets such as land and equipment. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease terms. As a lessee, a lease liability and the associated lease asset (Right to Use Asset) is recognized on the government-wide statement of net position. The present value of lease payments is discounted based on the incremental borrowing rate determined by the City.

2. BUDGETARY AND LEGAL COMPLIANCE

A. Budgetary Information

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

Prior to September 1, the City Clerk submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at various times during the year to obtain taxpayer comments. Prior to the second Monday in September, the budget is legally enacted through passage of an ordinance. The budget covers all governmental and proprietary fund types. The City adopts budgets on the modified accrual basis of accounting for all governmental fund types and proprietary fund types.

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Budgetary Information (Continued)

The City is authorized to transfer budgeted amounts between departments within any fund; however, expenditures from the emergency fund or any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control is the fund level. The City Council did not approve any supplemental budgetary appropriations during the year.

The Cemetery and Water funds' expenditures were in excess of the budgeted expenditures.

B. Deposits and Investments

Deposit and investment policies are disclosed in Note 1.

The bank balance of demand deposits amounted to $179,754 of which, all was covered by federal depository insurance.

At September 30, 2024, the City's investments in the Idaho State Treasurer's Local Government Investment Pool, measured at fair value, was $1,063,257 for governmental activities and $580,115 for business-type activities. These investments are not covered by federal depository insurance.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the City's investments. The City does not have a policy regarding interest rate risk.

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the investment custodian, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian.

Credit Risk. Credit risk is the risk that a borrower will fail to repay principal and interest in a timely manner. The City's investment in the Idaho State Treasurer's Local Government Investment Pool has not been issued an external credit quality rating.

Concentration of Credit Risk. The City has no policy on the amount they may invest in any one issuer.

Fair Value. Investments are measured on a recurring basis within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment in the Idaho State Treasurer's Local Government Investment Pool, is measured with Level 2 inputs, which is the same inputs as the pool uses for its underlying investments.

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

C. Receivables

Delinquent taxes represent delinquent property amounts due from individuals. Over time, substantially all property taxes are collected.

Accounts receivable represent:	
Customer utility billings for water, wastewater collection, and sanitation	$ 31,721
Allowance for uncollectible accounts	0
Business-Type activities	$ 31,721
Intergovernmental receivables represent:	
State of Idaho, highway user fees	$ 5,794
State of Idaho, revenue sharing	14,639
Grant Receivables	1,245
Governmental activities	$ 21,678

D. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 72,000			$ 72,000
Construction in progress	86,143	$ 946,009		1,032,152
	$ 158,143	$ 946,009	$ 0	1,104,152
Depreciable assets				
Buildings and improvements	$ 1,146,497	$ 90,115	$ (13,787)	1,222,825
Right-of-use asset	943,988			943,988
Vehicles	87,236			87,236
Equipment	530,328			530,328
	$ 2,708,049	$ 90,115	$ (13,787)	$ 2,784,377
Accumulated depreciation				
Buildings and improvements	$ 234,246	$ 36,257		270,503
Right-of-use asset	291,061	31,007		322,068
Vehicles	81,523	1,429		82,952
Equipment	487,535	9,192		496,727
	$ 1,094,365	$ 77,885	$ 0	1,172,250
				$ 2,716,279

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 709,055	$ 4,020,715		$ 4,729,770
Depreciable assets				
Buildings	15,000			15,000
Water systems	390,800			390,800
Equipment	51,786			51,786
Sewer systems	906,366			906,366
	$ 2,073,007	$ 4,020,715	$ 0	6,093,722
Accumulated depreciation				
Buildings	$ 5,760	$ 384		6,144
Water systems	350,716	4,513		355,229
Equipment	28,521	3,963		32,484
Sewer systems	784,025	19,514		803,539
	$ 1,169,022	$ 28,374	$ 0	1,197,396
				$ 4,896,326

4. LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2024, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Leases	$ 26,044	$ 0	$ (26,044)	$ 0	$ 0

The City had a lease, including a bargain purchase clause, with the Clearwater Economic Development Association. This lease included monthly payments during the fiscal year of $3,439. The lease is then for six, one-year terms with an annual renewal clause. There is a $1 buy-out at the end of that term. The repayment has an imputed interest at 15.141 percent per annum.

5. OTHER INFORMATION

A. Risk Management

Comprehensive Liability. The City of Craigmont is a member of the Idaho Counties Risk Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

The general insurance limits are as follows:

General liability	$2,000,000 per claim
Property damage	Total insured value for listed property
Automobile liability	$2,000,000 per claim
Errors and omissions liability	$2,000,000 per claim
Crime insurance and bonding	$500,000 per claim
Boiler and machinery	$1,000,000 per claim

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Pension Plan

Plan Description. The City contributes to the Base Plan, which is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) 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.

5. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

Pension Benefits. The Base Plan provides for retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based upon members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with 5 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 classifications. The annual service retirement allowance for each month of credited service is 2.0 percent (2.3 percent 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 percent minimum cost of living increase per year provided the *Consumer Price Index* increases 1 percent 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 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

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

The contribution rates for employees are set by statute at 60 percent of the employer rate for general employees and 72 percent for police and firefighters. At June 30, 2024, it was 7.18 percent for general employees and 10.83 percent for police and firefighters. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.96 percent general employees and 14.65 percent for police and firefighters.

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2024, the City reported a liability of $97,065 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 .0025949 percent.

5. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued). At September 30, 2024, the City recognized a net pension expense of $11,707. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 4,000	
Differences between expected and actual experience	$ 15,454	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	$ 11,461	$ 19,821
Changes in assumptions or other inputs	$ 3,845	
Net difference between projected and actual earnings on pension plan investments		$ 1,762

Contributions made subsequent to the measurement date in the table above, will be recognized as a decrease of the net pension liability in the subsequent fiscal year.

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, 2014, the beginning of the measurement period ended June 30, 2024, is 4.4 and 4.4 for the measurement period June 30, 2023.

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

2025	$ 4,597
2026	1,585
2027	5,988
2028	(2,993)

Actuarial Assumptions. Valuations are based upon 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. PERSI amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period permitted under Section 59-1322, *Idaho Code,* is 25 years.

5. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

Actuarial Assumptions (Continued). 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 increases including inflation	3.05%
Investment rate of return	6.35%, net of pension plan investment expense
Cost of Living Adjustments (COLA)	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, service retirement members, and beneficiaries. These rates were adopted for the valuation dated July 1, 2024.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Male	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Female	Pub-2010 General Tables, increased 21%
Teachers – Male	Pub-2010 Teacher Tables, increased 12%
Teachers – Female	Pub-2010 Teacher Tables, increased 21%
Fire & Police – Male	Pub-2010 Safety Tables, increased 21%
Fire & Police – Female	Pub-2010 Safety Tables, increased 26%
Disabled Members – Male	Pub-2010 Disabled Tables, increased 38%
Disabled Members – Female	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 other than 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.

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 the System's assets.

5. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

Actuarial Assumptions (Continued). 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.

CAPITAL MARKET ASSUMPTIONS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	(0.25%)
TIPS	10%	(0.30%)
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate. The discount rate used to measure the total pension liability was 6.35 percent. 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 plan's 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 City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

Sensitivity – a 1% change in the discount rate would affect the City's net pension liability as follows:			
	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of net pension liability (asset)	$ 184,453	$ 97,065	$ 25,691

5. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

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

D. Interfund Receivables, Payables, and Transfers

The City pools its cash between the governmental funds and proprietary funds. Expenditures and receipts are paid and deposited into the pooled accounts on behalf of other funds, which creates interfund receivables and payables.

The City transferred $9,150 from the General Fund to the Parks and Recreation Fund to prevent a negative fund balance.

E. Related Party Transactions

During the year, the City leased farm land to the Mayor's son for $4,340.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRAIGMONT

SCHEDULE OF PENSION FUNDING

SCHEDULE OF THE CITY'S SHARE OF NET PENSION ASSET AND LIABILITY - PERSI BASE PLAN
Data reported is measured as of June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension (asset) liability	0.0025949%	0.0028256%	0.0021453%	0.0035122%	0.0033500%	0.0036394%	0.0038002%	0.0032051%	0.0027963%	0.0028428%
Employer's proportionate share of the net pension (asset) liability	$ 97,065	$ 112,761	$ 84,497	$ (2,774)	$ 77,791	$ 41,543	$ 56,000	$ 50,000	$ 57,000	$ 37,400
Employer's covered payroll	127,165	120,142	84,598	131,072	119,288	117,186	115,921	94,380	77,538	75,494
Employer's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	76%	94%	100%	-2%	65%	35%	48%	53%	74%	50%
Plan fiduciary net position as a percentage of the total pension liability	86%	84%	83%	100%	88%	94%	92%	91%	87%	91%

SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLANS - PERSI BASE PLAN
Data reported is measured as of September 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 14,740	$ 15,180	$ 11,168	$ 13,004	$ 14,243	$ 13,992	$ 13,841	$ 11,269	$ 9,323	$ 9,056
Contributions in relation to the statutorily required contribution	14,740	15,180	11,168	13,004	14,243	13,992	13,841	11,269	9,323	9,056
Contribution (deficiency) excess	0	0	0	0	0	0	0	0	0	0
Employer's covered payroll	128,125	127,136	93,534	108,911	119,288	117,186	122,300	99,500	82,400	80,000
Contributions as a percentage of covered payroll	11.50%	11.94%	11.94%	11.94%	11.94%	11.94%	11.32%	11.33%	11.31%	11.32%

CITY OF CRAIGMONT

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary	Variance With
	Original	Final	Basis	Final Budget
REVENUES				
Property taxes	$ 193,500	$ 193,500	$ 141,960	$ (51,540)
Licenses and permits	8,600	8,600	25,594	16,994
Intergovernmental revenues	38,530	39,130	63,655	24,525
Charges for services	26,400	57,300	17,450	(39,850)
Earnings on investments	6,000	6,000	8,475	2,475
Other	1,850	1,850	11,596	9,746
Total revenues	274,880	306,380	268,730	(37,650)
EXPENDITURES				
Personnel services	128,600	109,200	85,262	23,938
Supplies and materials	26,750	26,750	27,942	(1,192)
Services and charges	157,982	149,282	95,083	54,199
Capital outlay		71,148		71,148
Debt service			13,755	(13,755)
Total expenditures	313,332	356,380	222,042	134,338
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,452)	(50,000)	46,688	96,688
OTHER FINANCING SOURCES (USES)				
Operating transfers out	0	0	(9,150)	(9,150)
NET CHANGE IN FUND BALANCE	(38,452)	(50,000)	37,538	87,538
FUND BALANCE AT BEGINNING OF YEAR	38,452	50,000	30,014	(19,986)
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 67,552	$ 67,552

CITY OF CRAIGMONT

BUDGETARY COMPARISON SCHEDULE -
STREET FUND
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary	Variance With
	Original	Final	Basis	Final Budget
REVENUES				
Property taxes	$ 113,500	$ 113,500	$ 112,425	$ (1,075)
Intergovernmental revenues	680,000	951,500	880,542	(70,958)
Earnings on investments	3,500	3,500	40,425	36,925
Other		100		(100)
Total revenues	797,000	1,068,600	1,033,392	(35,208)
EXPENDITURES				
Personnel services	9,800	9,800	29,247	(19,447)
Supplies and materials	7,810	7,810	7,086	724
Services and charges	878,800	117,800	37,154	80,646
Capital outlay		1,697,690	918,359	779,331
Total expenditures	896,410	1,833,100	991,846	841,254
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(99,410)	(764,500)	41,546	806,046
FUND BALANCE AT BEGINNING OF YEAR	99,410	764,500	250,686	(513,814)
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 292,232	$ 292,232

CITY OF CRAIGMONT

BUDGETARY COMPARISON SCHEDULE -
CEMETERY FUND
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	$ 900	$ 900	$ 1,025	$ 125
Earnings on investments	1,000	1,000	5,030	4,030
Other		1,700	29,080	27,380
Total revenues	1,900	3,600	35,135	31,535
EXPENDITURES				
Personnel services	5,500	5,100	4,757	343
Supplies and materials	700	700	525	175
Services and charges	2,500	2,500	23,713	(21,213)
Total expenditures	8,700	8,300	28,995	(20,695)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(6,800)	(4,700)	6,140	10,840
FUND BALANCE AT BEGINNING OF YEAR	6,800	4,700	89,248	84,548
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 95,388	$ 95,388

CITY OF CRAIGMONT

BUDGETARY COMPARISON SCHEDULE -
AIRPORT FUND
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary	Variance With
	Original	Final	Basis	Final Budget
REVENUES				
Property taxes	$ 7,000	$ 7,000	$ 7,500	$ 500
Intergovernmental revenues	565,500	565,500	75,269	(490,231)
Charges for services	9,200	9,200	11,510	2,310
Earnings on investments	200	200		(200)
Total revenues	581,900	581,900	94,279	(487,621)
EXPENDITURES				
Personnel services	2,000	2,000	799	1,201
Supplies and materials	4,800	4,800	680	4,120
Services and charges	165,100	165,100	2,574	162,526
Capital outlay	410,000	410,000	90,115	319,885
Total expenditures	581,900	581,900	94,168	487,732
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	0	111	111
FUND BALANCE AT BEGINNING OF YEAR				
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 111	$ 111

CITY OF CRAIGMONT

BUDGETARY COMPARISON SCHEDULE -
PARKS AND RECREATION FUND
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary	Variance With
	Original	Final	Basis	Final Budget
REVENUES				
Property taxes	$ 12,450	$ 12,450	$ 12,499	$ 49
Intergovernmental revenues	250,000	250,000	27,650	(222,350)
Earnings on investments	340	340	371	31
Other	1,200	1,200	7,050	5,850
Total revenues	263,990	263,990	47,570	(216,420)
EXPENDITURES				
Personnel services	7,600	7,600	17,983	(10,383)
Supplies and materials	2,600	2,600	3,152	(552)
Services and charges	3,600	3,600	8,015	(4,415)
Capital outlay	250,190	250,190	27,650	222,540
Total expenditures	263,990	263,990	56,800	207,190
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	0	(9,230)	(9,230)
OTHER FINANCING SOURCES (USES)				
Operating transfers in			9,150	9,150
Total other financing sources (uses)	0	0	9,150	9,150
NET CHANGE IN FUND BALANCE	0	0	(80)	(80)
FUND BALANCE AT BEGINNING OF YEAR			80	80
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 0	$ 0

SUPPLEMENTARY INFORMATION

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
of the City Council
City of Craigmont
Craigmont, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Craigmont, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Craigmont's basic financial statements and have issued our report thereon dated May 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Craigmont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Craigmont's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Craigmont'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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (#2024-001) that we consider to be a significant deficiency.

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Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Craigmont'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*.

City of Craigmont's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Craigmont's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Craigmont's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Presnell Gage, PLLC

May 15, 2025
Lewiston, Idaho

CITY OF CRAIGMONT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended September 30, 2024

	Budget	Actual	Variances Favorable (Unfavorable)
REVENUES			
Taxes			
Current property tax	$ 191,000	$ 140,470	$ (50,530)
Penalties and interest	2,500	1,490	(1,010)
Total taxes	193,500	141,960	(51,540)
Licenses and permits			
Alcoholic beverage license	600	665	65
Building and inspection	5,000	20,399	15,399
Animal control	3,000	4,530	1,530
Total licenses and permits	8,600	25,594	16,994
Intergovernmental revenues			
Inventory phase-out and sales tax	1,230		(1,230)
Fines and penalties	1,500	2,118	618
Liquor apportionment	6,400	6,049	(351)
State revenue sharing	30,000	55,488	25,488
Total intergovernmental revenues	39,130	63,655	24,525
Charges for services			
Equipment and facilities usage (rents)	57,300	17,450	(39,850)
Total charges for services	57,300	17,450	(39,850)
Miscellaneous			
Earnings on investments	6,000	8,475	2,475
Other	1,850	11,596	9,746
Total miscellaneous	7,850	20,071	12,221
Total revenues	306,380	268,730	(37,650)

CITY OF CRAIGMONT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended September 30, 2024

	Budget	Actual	Variances Favorable (Unfavorable)
EXPENDITURES			
General Government			
Legislative			
Personal services	$ 109,200	$ 85,262	$ 23,938
Supplies	13,700	20,570	(6,870)
Other services and charges	117,900	72,296	45,604
Debt service		13,755	(13,755)
Total legislative	240,800	191,883	48,917
Public Safety			
Law enforcement			
Other services and charges		17,823	(17,823)
Total law enforcement	0	17,823	(17,823)
Fire protection			
Supplies	13,050	7,372	5,678
Other services and charges	31,382	4,964	26,418
Capital outlay	71,148		71,148
Total fire protection	115,580	12,336	103,244
Total public safety	115,580	30,159	85,421
Total expenditures	356,380	222,042	134,338
OTHER FINANCING SOURCES (USES)			
Transfers out		(9,150)	9,150
Total other financing sources (uses)	0	(9,150)	9,150
NET CHANGE IN FUND BALANCE	$ (50,000)	$ 37,538	$ 87,538

CITY OF CRAIGMONT

WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended September 30, 2024

	Budget	Actual	Variances Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	$ 112,950	$ 99,817	$ (13,133)
Total operating revenues	112,950	99,817	(13,133)
OPERATING EXPENDITURES			
Personnel services	29,700	30,442	(742)
Supplies	10,000	10,599	(599)
Other services and charges	43,200	60,475	(17,275)
Total operating expenditures	82,900	101,516	(18,616)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE NONOPERATING REVENUES	30,050	(1,699)	(31,749)
NONOPERATING REVENUES			
Interest revenue	120	907	787
Total nonoperating revenues	120	907	787
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 30,170	$ (792)	$ (30,962)
Reconciliation of excess (deficiency) of revenues over expenditures - budgetary basis to change in net position			
Excess (deficiency) of revenues over expenditures - budgetary basis		$ (792)	
Noncash, nonbudget activity, which affects net position			
PERSI retirement actuarial change		(6,013)	
Depreciation		(7,178)	
Increase (decrease) in net position		$ (13,983)	

CITY OF CRAIGMONT

SEWER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended September 30, 2024

	Budget	Actual	Variances Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	$ 615,400	$ 182,035	$ (433,365)
Total operating revenues	615,400	182,035	(433,365)
OPERATING EXPENDITURES			
Personnel services	31,000	39,140	(8,140)
Supplies	10,310	13,488	(3,178)
Other services and charges	70,390	25,641	44,749
Capital outlay	8,206,000	4,020,715	4,185,285
Total operating expenditures	8,317,700	4,098,984	4,218,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE NONOPERATING REVENUES	(7,702,300)	(3,916,949)	3,785,351
NONOPERATING REVENUES			
Interest revenue	1,300	19,241	17,941
Grants	7,800,000	4,045,715	(3,754,285)
Total nonoperating revenues	7,801,300	4,064,956	(3,736,344)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 99,000	$ 148,007	$ 49,007
Reconciliation of excess (deficiency) of revenues over expenditures - budgetary basis to change in net position			
Excess (deficiency) of revenues over expenditures - budgetary basis		$ 148,007	
Budgeted expenses, which do not affect net position			
Capital outlay		4,020,715	
Noncash, nonbudget activity, which affects net position			
PERSI retirement actuarial change		(10,588)	
Depreciation		(21,196)	
Increase (decrease) in net position		$ 4,136,938	

CITY OF CRAIGMONT

SANITATION FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended September 30, 2024

	Budget	Actual	Variances Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	$ 101,500	$ 102,508	$ 1,008
Total operating revenues	101,500	102,508	1,008
OPERATING EXPENDITURES			
Personnel services	1,400	2,297	(897)
Supplies	1,175	1,549	(374)
Other services and charges	99,450	95,866	3,584
Total operating expenditures	102,025	99,712	2,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE NONOPERATING REVENUES	(525)	2,796	3,321
NONOPERATING REVENUES			
Interest revenue	525	176	(349)
Total nonoperating revenues	525	176	(349)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 0	$ 2,972	$ 2,972

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT – *UNIFORM GUIDANCE*

Honorable Mayor and Members
of the City Council
City of Craigmont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Craigmont's compliance with the types of compliance requirements identified as subject to audit in the OMB's *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City of Craigmont'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, the City of Craigmont, complied, in all material respects, with the types of 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 of Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the City of Craigmont, 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 the City of Craigmont's compliance with the compliance requirements referred to above.

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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 the City of Craigmont's 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 the City of Craigmont'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 generally accepted auditing standards, *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 the City of Craigmont's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the City of Craigmont'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 the City of Craigmont'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 the City of Craigmont'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

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 and, therefore, material weaknesses or significant deficiencies may exist, that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding #2024-001, to be considered a significant deficiency.

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.

Government Auditing Standards require the auditor to perform limited procedures on the City of Craigmont's response to the internal control over compliance findings identified in our compliance audit, described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Presnell Gage, PLLC

May 15, 2025
Lewiston, Idaho

CITY OF CRAIGMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2024

	Federal Financial Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the State of Idaho - Department of Commerce				
COVID-19 Community Development Block Grants	14.228	CARES3-II-01-PK	None	$ 27,650
ENVIRONMENTAL PROTECTION AGENCY				
Passed through the State of Idaho - Department of Environmental Quality				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WW2302AP	None	4,015,715
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 4,043,365

NOTE 1: BASIS OF PRESENTATION

The schedule includes federal award activity of the City under programs of the federal government for the year ended September 30, 2024. The information in this schedule is presented in compliance 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 the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified 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 3: DE MINIMIS INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis cost rate.

CITY OF CRAIGMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified	___ yes	_X_ no
* Significant deficiency(s) identified that are not considered to be material weaknesses?	_X_ yes	___ no
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified	___ yes	_X_ no
* Significant deficiency(s) identified that are not considered to be material weaknesses?	_X_ yes	___ no
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with OMB's *Uniform Guidance*?	___ yes	_X_ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The City of Craigmont has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired "segregation of duties."

Effect: Many accounting duties are performed by a single individual with limited oversight available within the City of Craigmont.

Response: The City of Craigmont's Council Members believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the City's response.

Section III – Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The City of Craigmont has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired "segregation of duties."

Effect: Many accounting duties are performed by a single individual with limited oversight available within the City of Craigmont.

Response: The City of Craigmont's Council Members believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the City's response.