CITY OF HAZELTON, IDAHO

Financial Statements

Year Ended September 30, 2024

CITY OF HAZELTON, IDAHO

Financial Statements
For the year ended September 30, 2024

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WORKMAN & COMPANY | Office of Accounting

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INDEPENDENT AUDITOR'S REPORT

December 27, 2024

To The City Council
City of Hazelton, Idaho
Hazelton, Idaho

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility

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

Report Continued—

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and post-employment information on pages 25-27 and 28 be presented to supplement the basic financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of the City of Hazelton, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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Workman & Company

Certified Public Accountants
Twin Falls, Idaho

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

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Current Assets:			
Cash and Deposits	$ 1,134,420	$ 1,246,077	$ 2,380,497
Property Taxes Receivable	3,424		3,424
Due From Other Governments	35,837		35,837
Accounts Receivable	0	118	118
Total Current Assets	1,173,681	1,246,195	2,419,876
Non-Current Assets:			
Land and Buildings	181,414	60,666	242,080
Distribution System		7,057,603	7,057,603
Equipment	142,088	121,831	263,919
Construction in Progress			0
Infrastructure - Roads, Sidewalks, Street Lights	529,387		529,387
Totals	852,889	7,240,100	8,092,989
Accumulated Deprecation	(364,924)	(2,207,286)	(2,572,210)
Total Non-Current Assets	487,965	5,032,814	5,520,779
Other Assets and Deferred Outflows of Resources:			
Restricted Cash and Deposits		64,660	64,660
Deferred Outflows from Pensions	14,940	12,298	27,238
Total Other Assets and Deferred Outflows of Resources:			
Total Assets	1,676,586	6,355,967	8,032,553
LIABILITIES			
Current Liabilities:			
Accounts and Payroll Liabilities Payable	0	0	0
Interest Payable	0	36,660	36,660
Customer Deposits	0	13,295	13,295
Due or Payable Within One Year - Bonds	0	68,804	68,804
Total Current Liabilities	0	118,759	118,759
Non Current Liabilities and Deferred Inflows of Resources:			
Bonds and Notes Payable, Less Current Portion		2,573,331	2,573,331
Unamortized Bond Premium		88,441	88,441
Net Pension Liability	75,142	61,855	136,997
Accrued Compensated Absences	5,452	8,881	14,333
Deferred Inflows from Pension	0	0	0
Total Non Current Liabilities and Deferred Inflows of Resources:	80,594	2,732,508	2,813,102
Total Liabilities	80,594	2,851,267	2,931,861
NET POSITION			
Invested in Capital Assets - net of related debt	487,965	2,265,578	2,753,543
Restricted For:			
Debt Service		64,660	64,660
Other Purposes			0
Unrestricted	1,108,027	1,174,462	2,282,489
Total Net Position	$ 1,595,992	$ 3,504,700	$ 5,100,692

The accompanying notes are a part of these financial statements.

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

Activities:	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business Type Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental:						
General Government	$ 160,028	$ 10,241	$ 1,152	$ (148,635)		$ (148,635)
Public Safety	53,000			(53,000)		(53,000)
Sanitation	37,850			(37,850)		(37,850)
Highways and Streets	63,959			(63,959)		(63,959)
Planning and Zoning	802			(802)		(802)
Cultural and Recreation	7,961			(7,961)		(7,961)
Depreciation	23,277			(23,277)		(23,277)
Total Governmental Activities	346,877	10,241	1,152	(335,484)		(335,484)
Business Type:						
Water	255,316	360,043			$ 104,727	104,727
Sewer	195,795	256,198			60,403	60,403
Irrigation	21,132	26,448			5,316	5,316
Total Business-type Activities	472,243	642,689	0		170,446	170,446
Total City of Hazelton, Idaho	$ 819,120	$ 652,930	$ 1,152	(335,484)	170,446	(165,038)
General Revenues:						
Taxes						
Property Taxes, Levied for General Purposes				149,294		149,294
State Revenue				99,143		99,143
Highway Users				84,808		84,808
Local Road and Bridge Tax						0
State Liquor				13,059		13,059
Sanitation				45,395		45,395
Miscellaneous				275		275
Capital Grant Revenues						0
Earnings on investments						
General Fund				26,159		26,159
Other Funds					31,873	31,873
Gain(Loss) on Pension Activity				(12,414)	185	(12,229)
Total general revenues and transfers				405,719	32,058	437,777
Changes in net position				70,235	202,504	272,739
Net Position - Beginning				1,525,757	3,302,196	4,827,953
Net Position - Ending				$ 1,595,992	$ 3,504,700	$ 5,100,692

The accompanying notes are a part of these financial statements.

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

	General Fund	Street Fund	Park Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Deposits	$ 990,275	$ 123,371	$ 20,774	$ 1,134,420
Taxes Receivable	3,219		205	3,424
Due From Other Governments	26,832	9,005		35,837
Miscellaneous Receivable	0			0
Total Assets	$ 1,020,326	$ 132,376	$ 20,979	1,173,681
LIABILITIES:				
Cash Deficit	0	0	0	0
Accounts Payable	0	0	0	0
Deferred Revenues	0	0	0	0
Total Liabilities	0	0	0	0
FUND BALANCE:				
Non-spendable				0
Restricted				0
Committed				0
Assigned			20,979	20,979
Unassigned	1,020,326	132,376		1,152,702
Total Fund Balance	1,020,326	132,376	20,979	1,173,681
Total Liabilities and Fund Balance	$ 1,020,326	$ 132,376	$ 20,979	$ 1,173,681

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

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is $ 852,889 and the accumulated depreciation is $ 364,924	487,965
Long-term liabilities, including bonds, compensated absences and pension costs, are not payable in the current period and therefore are not reported in the funds	(65,654)
Net Position of Governmental Funds (Page 3)	$ 1,595,992

The accompanying notes are a part of these financial statements.

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

	General Fund	Street Fund	Park Fund	Total Governmental Funds
REVENUE:				
Property Taxes	$ 140,291		$ 9,003	$ 149,294
State Highway Users		$ 84,808		84,808
State Liquor	13,059			13,059
State Revenue Sharing	90,126	9,017		99,143
Franchise, Licenses and Permits	10,241			10,241
Sanitation	45,395			45,395
Grants and Contributions	1,152			1,152
Interest Earnings	24,797	1,250	112	26,159
Miscellaneous			275	275
Total Revenue	325,061	95,075	9,390	429,526
EXPENDITURES:				
General Government	157,070			157,070
Public Safety	53,000			53,000
Sanitation	37,850			37,850
Highway and Streets		62,373		62,373
Cultural and Recreation			7,855	7,855
Capital Outlay	0			0
Total Expenditures	247,920	62,373	7,855	318,148
EXCESS REVENUE (EXPENDITURES)	77,141	32,702	1,535	111,378
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	77,141	32,702	1,535	111,378
FUND BALANCE - BEGINNING	943,185	99,674	19,444	1,062,303
FUND BALANCE - ENDING	$ 1,020,326	$ 132,376	$ 20,979	$ 1,173,681

The accompanying notes are a part of these financial statements.

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

Net Change in Fund Balance - Total Governmental Funds (Page 6)	$	111,378
Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.		
This is the amount of current year depreciation.		(23,277)
This is the amount of new Governmental Fund assets.		
This is the amount of disposed of Governmental Fund assets.		
Gain (Loss) on Pension Activity		(12,414)
Accrued Compensated Absences are not recognized in the Governmental Funds		(5,452)
Change in Net Position of Governmental Activities (Page 4)	$	70,235

The accompanying notes are a part of these financial statements.

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

	Water	Wastewater	Irrigation	Totals
Assets:				
Current Assets:				
Cash and Deposits	$ 791,691	$ 405,454	$ 48,932	$ 1,246,077
Accounts receivable		118		118
Total Current Assets	791,691	405,572	48,932	1,246,195
Non Current Assets:				
Plant and equipment	4,087,695	3,132,376	20,029	7,240,100
Accumulated depreciation	(1,084,331)	(1,104,053)	(18,902)	(2,207,286)
Net Non Current Assets	3,003,364	2,028,323	1,127	5,032,814
Other Assets and Deferred Outflows:				
Restricted Cash and Deposits		64,660		64,660
Deferred Outflows from Pensions	5,997	5,660	641	12,298
Total Other Assets	5,997	70,320	641	76,958
Total Assets	3,801,052	2,504,215	50,700	6,355,967
Liabilities:				
Current Liabilities:				
Accounts Payable				0
Customer Deposits	13,295			13,295
Interest Payable	35,727	933		36,660
Current portion long-term debt	38,804	30,000		68,804
Total current liabilities	87,826	30,933	0	118,759
Noncurrent Liabilities and Deferred Inflows:				
Bonds, Notes Payable, net Current	2,078,331	495,000		2,573,331
Unamortized Bond Premium		88,441		88,441
Net Pension Liability	30,164	28,469	3,222	61,855
Accrued Compensated Absenses	4,758	3,912	211	8,881
Deferred Inflows from Pensions	0	0	0	0
Total noncurrent liabilities	2,113,253	615,822	3,433	2,732,508
Total Liabilities	2,201,079	646,755	3,433	2,851,267
Net Position:				
Investment in capital assets net of related debt	850,502	1,413,949	1,127	2,265,578
Restricted	0	64,660	0	64,660
Unrestricted	749,471	378,851	46,140	1,174,462
Total Net Position	$ 1,599,973	$ 1,857,460	$ 47,267	$ 3,504,700

The accompanying notes are a part of these financial statements.

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

	Water	Wastewater	Irrigation	Totals
Operating Revenues:				
Charges for services	$ 309,043	$ 235,995	$ 26,448	$ 571,486
Hookups, connections and fees	51,000	20,203		71,203
Total Operating Revenue	360,043	256,198	26,448	642,689
Operating Expenses:				
Salaries and benefits	66,727	56,671	5,727	129,125
Administrative and supplies	50,689	54,581	15,235	120,505
Depreciation	90,051	67,116	170	157,337
Total Operating Expenses	207,467	178,368	21,132	406,967
Operating Income	152,576	77,830	5,316	235,722
Nonoperating Revenues (Expenses):				
Interest Income	21,604	10,269		31,873
Interest Expense	(47,849)	(17,427)		(65,276)
Gain(Loss) on Sale of Assets				0
Grant Revenues				0
Gain(Loss) on Pension Activity	541	(818)	462	185
Total Nonoperating	(25,704)	(7,976)	462	(33,218)
Income before transfers	126,872	69,854	5,778	202,504
Transfers in	0	0		0
Transfers out			0	0
Net Income	126,872	69,854	5,778	202,504
Total Net Position - Beginning	1,473,101	1,787,606	41,489	3,302,196
Total Net Position - Ending	$ 1,599,973	$ 1,857,460	$ 47,267	$ 3,504,700

The accompanying notes are a part of these financial statements.

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

	Water	Wastewater	Irrigation	Total
Cash Flows From Operating Activities:				
Receipts from customers	$ 360,755	$ 256,089	$ 26,448	$ 643,292
Payments to suppliers	(50,689)	(54,581)	(15,235)	(120,505)
Payments to employees	(61,969)	(52,759)	(5,515)	(120,243)
Other receipts				0
Net cash provided (used) by operations	248,097	148,749	5,698	402,544
Cash Flows From Capital and Related Financing Activities:				
Purchase and construction of capital assets		(157,461)		(157,461)
Capital Grants				0
Proceeds from sale of assets				
Principal received (paid) on capital debt	(37,951)	(35,054)		(73,005)
Interest paid on capital debt	(48,489)	(17,480)		(65,969)
Net cash provided (used) by capital and related financing activities	(86,440)	(209,995)	0	(296,435)
Cash Flows From Investing Activities:				
Interest Income	21,604	10,269		31,873
Net cash provided (used) by investing	21,604	10,269	0	31,873
Net Increase (Decrease) in Cash and Deposits	183,261	(50,977)	5,698	137,982
Balances - Beginning of the year	608,430	521,091	43,234	1,172,755
Balances - Ending of the year	$ 791,691	$ 470,114	$ 48,932	$ 1,310,737
Displayed as:				
Pooled Cash and Investments	791,691	405,454	48,932	1,246,077
Restricted Assets		64,660	0	64,660
Balances - Ending of the year	$ 791,691	$ 470,114	$ 48,932	$ 1,310,737
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	152,576	77,830	5,316	235,722
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	90,051	67,116	170	157,337
Changes in assets and liabilities:				
Receivables, net	13	(56)		(43)
Accounts and other payables	4,758	3,859	212	8,829
Customer deposits	699			699
Net Cash Provided (Used) by Operating Activites	$ 248,097	$ 148,749	$ 5,698	$ 402,544

The accompanying notes are a part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hazelton, Idaho was incorporated by charter under the laws of the State of Idaho. The City operates under a City Council form of government and provides the following services to the residents of Hazelton, Jerome County, Idaho: public safety, public works, recreation, and community development. The City also provides water, wastewater, and irrigation water services which are financed by user charges. The accounting policies of the City of Hazelton, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Hazelton, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

(A) Basis of Presentation – Basis of Accounting

Basis of Presentation:

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

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

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

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

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

-Continued

The City reports the following governmental funds:

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

The City reports the following enterprise funds:

Water, Wastewater, and Irrigation Funds. These funds accounts for the operation, maintenance, and development of the City's water, waste-water, and irrigation facilities.

Measurement Focus, Basis of Accounting

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

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

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

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

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Entity Classifications.

A. City-Wide Financial Statements – The City reports net position in three categories – invested in capital assets, restricted and unrestricted.

B. Fund Financial Statements – The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

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

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

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

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

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

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

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

-Continued

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

(B) Assets, Liabilities, and Equity

Deposits and Investments

The cash balances of substantially all funds are pooled in local federally insured banks. The individual funds' portions of the pool's fair value are presented as "Cash and Deposits". Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

Cash and Deposits

The City considers cash and deposits in proprietary funds to be cash on hand.

Receivables and Payable

All trade and property tax receivables are shown net of an allowance for uncollectibles. Amounts due from other governments are shown in total. Accounts and accrued expenses payable are stated at cost and are recognized liabilities for goods and services rendered to the City as of September 30.

Property Tax Calendar

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

Capital Assets

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

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

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

The City does not allocate depreciation expense to the various functions or programs of governmental activities due to the immaterial nature of the amounts.

-Continued

Asset Class	Estimated Useful Lives
Infrastructure	30
Building Improvements	50
Vehicles	2-15
Office and Other Equipment	3-15

Compensated Absences

The City has no liability for compensated absences reported in the government-wide and proprietary fund statements consisting of unpaid, accumulated annual vacation balances. Any liability that exists would be immaterial to the financial statements

Pensions

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

NOTE 2 – CASH AND DEPOSITS

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, $ 1,945,007 of the City's bank balances were exposed to custodial credit risk because it was uninsured by the FDIC.
Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held no funds that would be categorized as investments.
Credit Risk: The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.
Interest rate risk and concentration of *credit risk:* The City has no policy regarding these two investment risk categories.

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

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

Cash on Hand	$ 150
Demand Deposits	$ 2,445,007
Total	$ 2,445,157

-Continued

NOTE 3 – CAPITAL ASSETS

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$ 109,303	$	$	$ 109,303
Capital Assets being depreciated:				
Buildings and Improvements	72,111			72,111
Equipment	142,088			142,088
Roads & Infrastructure	529,387			529,387
Total	743,586	0	0	743,586
Less: Accumulated Depreciation:				
Buildings and Improvements	(62,012)	(1,442)		(63,454)
Equipment	(141,652)	(435)		(142,087)
Roads & Infrastructure	(137,983)	(21,400)		(159,383)
Total Accumulated Depreciation	(341,647)	(23,277)	0	(364,924)
Governmental capital assets, net	$ 511,242	$ (23,277)	$ 0	$ 487,965
Business-type activities:				
Capital Assets not being depreciated:				
Land - Sewer	$ 60,666	$	$	$ 60,666
Construction in Progress	73,072		(73,072)	0
Total	133,738	0	(73,072)	60,666
Capital Assets being depreciated:				
Distribution and Operating System	6,855,344	202,259		7,057,603
Machinery and Equipment	93,558	28,273		121,831
Total	6,948,902	230,532	0	7,179,434
Less: Accumulated Depreciation	(2,049,948)	(157,337)		(2,207,285)
Total Net Depreciated Assets	4,898,954	73,195	0	4,972,149
Business-type capital assets, net	$ 5,032,692	$ 73,195	$ (73,072)	$ 5,032,815

-Continued

NOTE 4 - LOANS PAYABLE

In 2008, the City issued $ 950,000 of revenue bonds to provide funds for the acquisition and construction of waste-water lagoons and facilities. The bonds bear interest at 4.25% per annum and are payable to USDA. The bonds are collateralized by the gross income and revenue to be derived from fees charged for the use of the system. However, revenue bonds are direct obligations of the City and pledge the full faith and credit of the City. These bonds were paid in full by a 2021 Refunding Bond issue in the amount of $ 615,000, sold at a premium of $103,603 in June of 2021, with an interest rate fixed at 4% per annum. The premium will be amortized annually as revenue each year until the bonds are paid in full.

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

Wastewater Revenue Refunding Bonds 2021

FY	Principal	Interest
2025	$ 30,000	$ 21,000
2026	35,000	19,800
2027	35,000	18,400
2028	35,000	17,000
2029	35,000	15,600
2030-2034	210,000	54,800
2035-2037	145,000	11,800
Total	$ 525,000	$ 158,400

On August 10, 2016, the qualified electors of the City approved Ordinance No. 254 authorizing the City to issue USDA financing not to exceed $2,785,000 to pay a portion of the cost of construction and installation of improvements to the domestic water system of the City. During the current year, the City finalized the loans and the project. Two loans have been secured, one in the amount of $1,861,000 and the other at $ 403,000. Both loans have a term of 40 years with annual payments. Each loan has an interest rate of 2.25% per annum with a payment date of January 3rd of each year starting in 2021.

Loans Payable Continued—

The amortization of these loans is detailed as follows:

FY	Water Project Loan #91-11,2020 Interest	Water Project Loan #91-11,2020 Principal	Water Project Loan #91-13,2020 Interest	Water Project Loan #91-13,2020 Principal
2025	$ 39,156	31,897	$ 8,479	$ 6,908
2026	38,439	32,614	8,324	7,063
2027	37,705	33,348	8,165	7,222
2028	36,955	34,099	8,002	7,384
2029	36,187	34,866	7,836	7,551
2030-2034	168,811	186,455	36,555	40,380
2035-2039	146,869	208,397	31,804	45,132
2040-2044	122,345	232,920	26,492	50,442
2045-2049	94,948	259,927	20,570	55,976
2050-2054	64,371	290,408	13,992	62,456
2055-2059	30,195	324,582	6,641	69,806
2060-2061	1,624	70,766	408	16,536
Totals	$ 817,605	$ 1,740,279	$ 177,268	$ 376,856

NOTE 5 - PENSION PLAN

Plan Description

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

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

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Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age and highest average salary.

Members become fully vested in their retirement benefits with five years of credited services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of employer rate for general employees. As of June 30, 2024, it was 6.71% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees. The City's contributions were $20,784 for the year ended September 30, 2024.

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

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.003662 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $12,229. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

-Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 0
Changes in assumptions or other inputs	$ 5,427	
Net difference between projected and actual earnings on pension plan investments	$ 21,811	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	$ (5,196)	
City's contributions subsequent to the measurement date	$ 5,196	
Total	$ 27,238	$ 0

$ 5,196 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024, the beginning of the measurement period ended June 30, 2023, is 4.6 and 4.6 for the measurement period June 30, 2024.

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

Year ended September 30, 2024:

2025	$ 8,269
2026	$ 25,544
2027	$ (4,405)
2028	$ (3,149)

-Continued

Actuarial Assumptions

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

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

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

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

-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. The capital market assumptions are as of 2024.

2024

	DB Plans	Sick Leave
Asset Class		
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%

Discount Rate

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

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (6.05%)	**Current Discount Rate (7.05%)**	**1% Increase (8.05%)**
Employer's proportionate share of the net pension liability (asset)	$ 135,628	$ 136,997	$ 138,368

-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

Payables to the pension plan

At September 30, 2024, the City reported payables to the defined benefit pension plan of $ 0 for legally required employer contributions and $ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 6 – LITIGATION

The City, at the financial statement date, is not involved any litigation. No material amount of liability exists with the City.

NOTE 7 – RESTRICTED NET POSITION

The Sewer Revenue Bond Ordinance for the 2008 revenue bonds provides for the creation of a debt service reserve in connection with the issuance of revenue bonds for the upgraded waste-water treatment facility. Cash in the amount of $ 64,660 has been restricted for debt reserves in the City's accounts.

NOTE 8 – RISK MANAGEMENT

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

-Continued

NOTE 9 – SUBSEQUENT EVENTS

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

NOTE 10 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget for the year ended September 30, 2024:

None

REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF HAZELTON, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:				
Property Taxes	$ 140,000	$ 140,000	$ 140,291	$ 291
State of Idaho shared revenue	99,416	99,416	90,126	(9,290)
Franchise,Licenses, permits	755	755	10,241	9,486
State Liquor Revenues	13,620	13,620	13,059	(561)
Sanitation	38,000	38,000	45,395	7,395
Grant Revenues			1,152	1,152
Interest Income			24,797	24,797
Miscellaneous				0
Total Revenue	291,791	291,791	325,061	33,270
EXPENDITURES:				
General Government				
General Government Expenses	198,000	198,000	156,268	41,732
Planning and Zoning	500	500	802	(302)
Total General Government	198,500	198,500	157,070	41,430
Sanitation				
Sanitation Expenses	38,000	38,000	37,850	150
Total Sanitation	38,000	38,000	37,850	150
Public Safety				
Police Protection	55,291	55,291	53,000	2,291
Total Public Safety	55,291	55,291	53,000	2,291
Capital Outlay	0	0	0	0
Total Expenditures	0	0	0	0
Total General Expenses	291,791	291,791	247,920	43,871
EXCESS REVENUE (EXPENDITURES)	0	0	77,141	77,141
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	0	0	77,141	77,141
FUND BALANCE - BEGINNING	943,185	943,185	943,185	
FUND BALANCE - ENDING	$ 943,185	$ 943,185	$ 1,020,326	

CITY OF HAZELTON, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Street Fund
for the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:				
State Shared Revenue	$ 9,400	$ 9,400	$ 9,017	$ (383)
State highway user collections	56,191	56,191	84,808	28,617
Interest Income	0	0	1,250	1,250
Miscellaneous	0	0	0	0
Total Revenue	65,591	65,591	95,075	29,484
EXPENDITURES:				
Street Expenses	80,591	80,591	62,373	18,218
Total Expenditures	80,591	80,591	62,373	18,218
EXCESS REVENUE (EXPENDITURES)	(15,000)	(15,000)	32,702	47,702
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	(15,000)	(15,000)	32,702	47,702
FUND BALANCE - BEGINNING	99,674	99,674	99,674	
FUND BALANCE - ENDING	$ 84,674	$ 84,674	$ 132,376	

CITY OF HAZELTON, IDAHO
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Parks Fund
for the year ended September 30, 2024

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUE:				
Property Tax	$ 8,004	$ 8,004	$ 9,003	$ 999
Interest Income	0	0	112	112
Miscellaneous	0	0	275	275
Total Revenue	8,004	8,004	9,390	1,386
EXPENDITURES:				
Parks and Recreation Expenses	8,004	8,004	7,855	149
Total Expenditures	8,004	8,004	7,855	149
EXCESS REVENUE (EXPENDITURES)	0	0	1,535	1,535
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds				0
NET CHANGE IN FUND BALANCES	0	0	1,535	1,535
FUND BALANCE - BEGINNING	19,444	19,444	19,444	
FUND BALANCE - ENDING	$ 19,444	$ 19,444	$ 20,979	

CITY OF HAZELTON, IDAHO
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended September 30, 2024

Required Supplementary Information

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

	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	.0045619%	.0049702%	.0049819%	.0018721%	City not
Employer's proportionate share of the net pension liability	$ 52,073	$ 74,195	$ 75,557	37,950	in the
Employer's covered-employee payroll	$ 142,603	$ 165,793	$ 111,571	90,829	plan
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	36.52%	44.75%	67.72%	41.78%	
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	

	2024	2023	2022	2021	2020
Employer's portion of the net pension liability	0.003662%	0.003831%	0.003775%	0.003854%	.004044%
Employer's proportionate share of the net pension liability (Net Asset)	$ 136,998	$ 152,889	$ 148,667	$ (3,043)	$ 93,907
Employer's covered-employee payroll	$ 185,910	$ 165,448	$ 154,818	$ 151,483	$ 141,896
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	73.69%	92.41%	96.03%	-2.01%	66.18%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%

Data reported is measured as of June 30, 2024

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

	2019	2018	2017	2016	2015
Statutorily required contributions	$ 16,590	$ 18,980	12,570	10,284	City not
Contributions in relation to the statutorily required contribution	$ (16,590)	$ (18,980)	(12,570)	(10,284)	in the
Contribution (deficiency) excess	$ 0	$ 0	0	0	plan
Employer's covered-employee payroll	$ 142,603	$ 165,793	111,571	90,829	
Contributions as a percentage of covered-employee payroll	11.63%	11.45%	11.27%	11.32%	

	2024	2023	2022	2021	2020
Statutorily required contributions	$ 20,784	$ 19,754	$ 18,485	$ 17,370	$ 17,194
Contributions in relation to the statutorily required contribution	$ (20,784)	$ (19,754)	$ (18,485)	$ (17,370)	$ (17,194)
Contribution (deficiency) excess	$ 0	$ 0	$ 0	$ 0	$ 0
Employer's covered-employee payroll	$ 185,910	$ 165,448	$ 154,818	$ 151,483	$ 141,896
Contributions as a percentage of covered-employee payroll	11.18%	11.94%	11.94%	11.47%	12.12%

WORKMAN & COMPANY | Office of Accounting

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

December 27, 2024

To the City Council
City of Hazelton, 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 Hazelton, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Hazelton, Idaho's basic financial statements, and have issued our report thereon dated December 27, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did identify certain deficiencies in internal control that we consider to be material weaknesses and have described these in the accompanying schedule of findings and responses (2024-1).

Compliance and Other Matters

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

Purpose of this Report

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

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

CITY OF HAZELTON, IDAHO

Schedule of Findings and Responses

For the Year Ended September 30, 2024

2024-1 Preparation of Financial Statements (Material Weakness)

Criteria: A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements, and the ability to internally prepare their financial statements.

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the City's financial statements, and accompanying notes to the financial statements.

Cause: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Effect: The financial disclosures in the financial could be incomplete**.**

Recommendation: This circumstance is not unusual in a City of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: The City agrees that having an internal control system over financial reporting is an important part of the City's overall internal control process. The City has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended September 30, 2024.