CITY OF MENAN - STATE OF IDAHO
MENAN, IDAHO
ANNUAL FINANCIAL REPORT
and
COMPLIANCE REPORTS
with
INDEPENDENT AUDITOR'S REPORT
For the Year Ended September 30, 2024

CITY OF MENAN - STATE OF IDAHO
ANNUAL FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Menan - State of Idaho
Menan, Idaho

Report on 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 Menan, Idaho, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Menan, Idaho as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 Menan, 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 Menan, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material

misstatement when it exists. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 Menan, 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 Menan, Idaho's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability PERSI, schedule of employer contributions PERSI, and budgetary comparison information on pages 31 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated July 10, 2025, on our consideration of the City of Menan, Idaho 's internal control over financial reporting and 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 of Menan, Idaho'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 of Menan, Idaho's internal control over financial reporting and compliance.

Searle Hart + Associates PLLC

Rexburg, Idaho
July 10, 2025

FINANCIAL SECTION

CITY OF MENAN - STATE OF IDAHO
STATEMENT OF NET POSITION
September 30, 2024

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 372,161	$ 31,482	$ 403,643
Taxes receivable	10,020	-	10,020
Receivables	-	123,642	123,642
Due from other governmental agencies	-	-	-
Prepaid Insurance	437	-	437
Capital Assets			
Land and improvements not being depreciated	235,000	212,725	447,725
Infrastructure and infrastructure in progress	437,222	4,146,022	4,583,244
Buildings	237,310	-	237,310
Equipment	145,257	300,643	445,900
Right-of-use leased assets	97,703	97,702	195,405
Less: accumulated depreciation	(706,376)	(4,302,375)	(5,008,751)
Less: accumulated amortization	(10,468)	(10,468)	(20,936)
Total Capital Assets	435,648	444,249	879,897
TOTAL ASSETS	$ 818,266	$ 599,373	$ 1,417,639
DEFERRED OUTFLOWS OF RESOURCES			
Pension	15,584	3,303	18,887

The notes to the financial statements are an integral part of this statement.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable and accrued expenses	$ 86,404	$ 1,329	$ 87,733
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	8,069	8,068	16,137
Accrued interest	-	-	-
Compensated absences	5,438	-	5,438
Credit balance of account receivables	-	8,103	8,103
Due in more than one year			
Bonds, capital leases and contracts	39,634	39,634	79,268
Accrued interest	-	-	-
Pension liability	71,993	15,261	87,254
TOTAL LIABILITIES	211,538	72,395	283,933
DEFERRED INFLOWS OF RESOURCES			
Pension	-	-	-
NET POSITION			
Invested in capital assets, net of related debt	387,945	396,547	784,492
Unrestricted	234,367	133,734	368,101
TOTAL NET POSITION	$ 622,312	$ 530,281	$ 1,152,593

CITY OF MENAN - STATE OF IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUE: Charges for Services	PROGRAM REVENUE: Operating Grants and Contributions	PROGRAM REVENUE: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 143,360	$ 20,274	$ -	$ -
Public safety	88,097	-	-	-
Public works	177,031	-	-	-
Health, welfare and sanitation	-	-	-	-
Culture and recreation	501	-	-	-
Education	250	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	409,239	20,274	-	-
Business-type activities:				
Utility fund	329,750	214,215	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	329,750	214,215	-	-
TOTAL PRIMARY GOVERNMENT	$ 738,989	$ 234,489	$ -	$ -
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Franchise taxes				
Public service taxes				
Unrestricted investment earnings				
Miscellaneous				
Special item - gain on sale of assets				
Transfers				
TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS				
Change in net position				
Net position, October 1, 2023				
NET POSITION, SEPTEMBER 30, 2024				

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
Governmental Activities	Business-type Activities	Total
$ (123,086)	$	$ (123,086)
(88,097)		(88,097)
(177,031)		(177,031)
-		-
(501)		(501)
(250)		(250)
(388,965)		(388,965)
	(115,535)	(115,535)
	(115,535)	(115,535)
(388,965)	(115,535)	(504,500)
162,940	-	162,940
6,979	-	6,979
168,032	-	168,032
472	272	744
2,316	28,129	30,445
-	-	-
-	-	-
340,739	28,401	369,140
(48,226)	(87,134)	(135,360)
670,538	617,415	1,287,953
$ 622,312	$ 530,281	$ 1,152,593

CITY OF MENAN - STATE OF IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	$ 372,161	$ 372,161
Taxes receivable, net	10,020	10,020
Receivable from other governments	-	-
Prepaid expenses	437	437
TOTAL ASSETS	382,618	382,618
DEFERRED OUTFLOWS OF RESOURCES		
Expenditures unavailable for use	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 382,618	$ 382,618
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 84,014	$ 84,014
Other payables	2,390	2,390
TOTAL LIABILITIES	86,404	86,404
DEFERRED INFLOWS OF RESOURCES		
Revenues unavailable for use	5,744	5,744
FUND BALANCES		
Reserved for:		
Other purposes	-	-
Unassigned	290,470	290,470
TOTAL FUND BALANCES	290,470	290,470
TOTAL LIABILITIES, DEFERRED AND FUND BALANCES	$ 382,618	$ 382,618

The notes to the financial statements are an integral part of this statement.

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

Total fund balance, governmental funds	$	290,470
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		435,648
Certain deferred outflows are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		15,584
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		5,744
Certain deferred inflows are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		-
Some liabilities, (such as Notes Payable, Capital Lease Contracts Payable, Pension Liability, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.		(125,134)
Net Position of Governmental Activities in the Statement of Net Position	$	622,312

CITY OF MENAN - STATE OF IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Property taxes	$ 163,292	$ 163,292
Fees and fines	2,169	2,169
Licenses and permits	100	100
Intergovernmental	168,032	168,032
Charges for services	18,158	18,158
Investment earnings	472	472
Miscellaneous	2,163	2,163
Franchise	6,979	6,979
Total revenues	361,365	361,365
EXPENDITURES		
Current:		
General government	134,069	134,069
Public safety	9,155	9,155
Public works	210,418	210,418
Culture and recreation	501	501
Education	250	250
Conservation/economic development	28,393	28,393
Capital outlay	103,091	103,091
Total expenditures	485,877	485,877
Excess (deficiency) of revenues over expenditures	(124,512)	(124,512)
OTHER FINANCING SOURCES (USES)		
Proceeds from capital leases	47,703	47,703
Transfers in	-	-
Transfers out	-	-
Total other financing sources and uses	47,703	47,703
Net change in fund balances	(76,809)	(76,809)
Fund Balances, October 1, 2023	367,279	367,279
FUND BALANCES, SEPT. 30, 2024	$ 290,470	$ 290,470

The notes to the financial statements are an integral part of this statement.

CITY OF MENAN - STATE OF IDAHO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds:	$	(76,809)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
This is the amount by which capital outlays $114,861 exceeded depreciation $28,640 in the current period.		86,221
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.		(352)
The issuance of long-term debt (e.g.,bonds,leases) provides current financial resources to governmental funds,while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.The net effect of these transactions are as follows:		
Proceeds from Capital leases		(47,703)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Deferred outflows of resources not reflected on Governmental funds		(18,083)
Deferred inflows of resources not reflected on Governmental funds		
Net pension liability not reflected on Governmental funds		9,543
Governmental funds do not recognize compensated absences as expenditures until they are paid. In contrast, the Statement of Activities treats compensated absenses as a long-term liability. This is the net change in the compensated absence liability.		(1,043)
Change in net position of governmental activities	$	(48,226)

CITY OF MENAN - STATE OF IDAHO
STATEMENT OF NET POSITION - PROPRIETARY FUND
September 30, 2024

		SEWER AND GARBAGE FUND
ASSETS		
Current assets:		
Cash and cash equivalents	$	31,482
Accounts receivable		
Utilities		123,642
Total current assets		155,124
Noncurrent assets:		
Capital assets:		
Land		212,725
Sewer system		4,146,022
Equipment		300,643
Right-of-use leased assets		97,702
Accumulated depreciation		(4,302,375)
Accumulated amortization		(10,468)
Total noncurrent assets		444,249
TOTAL ASSETS		599,373
DEFERRED OUTFLOWS OF RESOURCES		
Expenses unavailable for use		3,303
LIABILITIES		
LIABILITIES		
Current liabilities:		
Accounts payable		1,329
Credit balance of account receivables		8,103
Current portion of lease payable		8,068
Total current liabilities		17,500
Long-term debt:		
Lease payable		39,634
Pension liability		15,261
Total long-term liabilities		54,895
TOTAL LIABILITIES		72,395
DEFERRED INFLOWS OF RESOURCES		
Revenues unavailable for use		-
NET POSITION		
Invested in capital assets, net of related debt		396,547
Unrestricted		133,734
TOTAL NET POSITION	$	530,281

The notes to the financial statements are an integral part of this statement.

CITY OF MENAN - STATE OF IDAHO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the Year Ended September 30, 2024

	SEWER AND GARBAGE FUND
OPERATING REVENUES	
Utility services	$ 214,215
OPERATING EXPENSES	
Depreciation and amortization expense	57,214
Power	20,800
Repairs, maintenance and supplies	122,291
Professional services	39,400
Labor	52,591
Garbage contract	30,818
Miscellaneous	6,636
TOTAL OPERATING EXPENSES	329,750
OPERATING INCOME (LOSS)	(115,535)
NON-OPERATING REVENUES (EXPENSES)	
Interest earned	272
Miscellaneous income	28,129
Interest expense	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	28,401
NET INCOME (LOSS)	(87,134)
TRANSFERS IN	-
TRANSFERS OUT	-
Change in net position	(87,134)
NET POSITION, Beginning of Year	617,415
NET POSITION, End of Year	$ 530,281

CITY OF MENAN - STATE OF IDAHO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended September 30, 2024

		SEWER AND GARBAGE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	175,763
Cash payments for goods and services		(200,625)
Cash payments to employees		(52,591)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(77,453)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Increase in pension		-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment		(64,776)
Purchase of land		-
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES		(64,776)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue		272
Miscellaneous revenue		28,129
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		28,401
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(113,828)
BEGINNING CASH AND CASH EQUIVALENTS		145,310
ENDING CASH AND CASH EQUIVALENTS	$	31,482
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$	(115,535)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization		57,214
(Increase) decrease in receivables		(18,186)
Increase (decrease) in:		
Accounts payable		(502)
Credit balances		(444)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	(77,453)

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF MENAN- STATE OF IDAHO
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For the Year Ended September 30, 2024

NOTES INDEX

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Menan is organized and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the City conform to accounting principles generally accepted in the United States of America as applied to governments, except for the exceptions noted hereafter:

A. GENERAL

The financial statements listed in the table of contents have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the GASB issued and approved Statements No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. These statements establish new financial reporting requirements for state and local governments, public colleges, and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Certain significant changes in the statement include the following:

- Financial statements prepared using the full accrual accounting method for all City activities.

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial position.

B. REPORTING ENTITY

The reporting entity does not include those funds under the direct jurisdiction of other governing boards, elected or appointed, that exercise substantially or total administrative and supervisory authority in their name and are considered to be substantially autonomous from City of Menan government, and are not included in this report.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the government. The City's activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Statement of Net Position* presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for *governmental and proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The City reports the following major governmental fund:

- **General Fund** - The fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.

The City reports the following major enterprise fund:

- **Utility Fund –** The fund accounts for the operation and maintenance of sewer and garbage operations.

Governmental Fund Types

Governmental funds account for the City's general activities including current expendable financial resources (except for those accounted for in proprietary funds), and are those through which most governmental functions of the City are financed. The following are the City's governmental fund types:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types – Enterprise Funds

Enterprise Funds – Enterprise Funds account for operations that meet one of two criteria: 1) the activity runs in a manner similar to private business enterprises. Moreover, the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary Funds – Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governments. The City has none of these funds.

Trust and Custodial Funds – Private Purpose Trust Funds account for funds held in a trustee capacity. Custodial funds are primarily used to collect and remit funds for other governmental agencies. The City has none of these funds.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary and fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally 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 items, such as interest expense and investment earnings, result from nonexchange transactions or ancillary activities.

For business-type activities and enterprise funds, the City follows all GASB pronouncements

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET POSITION

Following are the City's significant policies regarding recognition and reporting of certain assets, liabilities, and equity:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

Cash and cash equivalents consist primarily of demand deposits with financial institutions and short-term investments with original maturities of three months or less from the purchase date. Investments include pooled investments and certificates of deposit with original maturities greater than three months.

Receivables

Taxes receivable include accrued amounts for sales taxes and delinquent property taxes. Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Taxes Receivable

Property taxes are levied in September of each year and become payable on December 20 and June 20 of the following year for real property taxes and December 20 for personal property taxes.

Property taxes attach as an enforceable lien as of December 20 following levy in September. Therefore, no amount has been set aside for an allowance of doubtful accounts. Property taxes not collected before December 1, 2024 are classified as deferred inflows of resources.

Capital Assets

The City defines a capital asset as an asset with an initial cost of $5,000 or more for equipment, $20,000 or more for land and buildings $8,000 or more for improvements on buildings and land, $15,000 or more for vehicles, $10,000 or more for heavy equipment, $10,000 or more for sidewalks and streets and an estimated useful life or more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Capital assets purchased in governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital assets related to business-type activities is capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Building, equipment, infrastructure, and other depreciable assets are depreciated using the straightline method over the estimated useful lives of 5 to 70 years.

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations

In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized as expenditures in the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

Leases

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

- The County uses the interest rate charges by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

Net Position/Fund Balances

The difference between assets and liabilities is net position on the government-wide, proprietary fund, and fiduciary fund statements, and fund balance on the governmental fund statements.

F. BUDGETS AND BUDGETARY ACCOUNTING

The Idaho Constitution and the Idaho Department of Revenue and Taxation prescribe the budget process and procedures for governmental subdivisions. The City of Menan has satisfied the basic requirements prescribed in the following particulars:

1) Formulation of subsequent year budget requirements by internal City officers and personnel.

2) Perusal of formulated budgets by the City Council and its clerk.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3) Presentation of preliminary and final budget requirements in formal news media of the City.

4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control budgets following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officers and employees for management purposes. Budgets are adopted on a modified accrual basis of accounting. The City does not maintain a formal encumbrance accounting system.

G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

Accumulated unpaid vacation and other employee benefits are accrued when incurred in proprietary funds on the accrual basis of accounting. Such amounts are not accrued in governmental funds on the modified accrual basis of accounting. At September 30, 2024, unrecorded fund liabilities included approximately $5,438 of total leave time accumulations and are considered normal to the City operation.

Vacation and compensatory leave are recorded as expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the government-wide statements. A liability for unused vacation and compensatory leave is recorded in the government-wide Statement of Net Position.

H. REVENUES AND EXPENDITURES/EXPENSES

Under the modified accrual basis of accounting, revenues are recognized in governmental funds when "measurable and available." Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The City of Menan considers property tax revenues to be "available" if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 30 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In proprietary funds and government-wide statements, revenues are recognized when earned.

I. EXPENDITURE/EXPENSE RECOGNITION

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period they are acquired.

In proprietary funds and government-wide statements, expenses are recorded when the related liability is incurred.

Operating expenses for the enterprise fund, if applicable, include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the City generally uses restricted resources first, then unrestricted resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. INTERFUND ACTIVITY AND BALANCES

Government-wide Statements

In general, eliminations have been made to minimize the double-counting of internal activity. There was no interfund receivable or payable at September 30, 2024. During 2024, there were no transfers between the governmental and business-type activities.

Governmental Fund Statements

Interfund transactions for goods and services provided and used are reported as revenues and expenditures/expenses in the funds involved. Cash transfers between funds of the City are reported as other financing sources and uses in the governmental fund statements.

K. USE OF ESTIMATES

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

The City uses the specific identification for writing off bad debts.

L. 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.

2. CASH AND INVESTMENTS

Cash and cash equivalents are defined as those financial instruments which have a maturity date of three months or less from the date of acquisition. The carrying amount of the City's deposits with financial institutions was $403,644 and the bank balance was $361,838.

The deposits and simple time certificates of deposits by the City are not collateralized nor are they required to be by Idaho State Statute.

The City follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 57-100), and applicable investment rights and restrictions cited by Idaho Code Section, Title 67, 67-1210.

2. CASH AND INVESTMENTS (continued)

The City had the following depository accounts. All deposits are carried at cost plus accrued interest.

Depository Account:	Bank Balance
Insured	$ 313,087
Uninsured and uncollateralized	48,751
Total deposits	$ 361,838

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2024, $48,751 of the government's bank balance of $361,838 was exposed to custodial credit risk.

3. RISK MANAGEMENT

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage through commercial insurance carriers and from participation in a risk pool. The City's participation in the risk pool is limited to paying premiums for its general liability insurance coverage. Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in coverage from that of the previous year.

4. CAPITAL ASSETS

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

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Governmental Activities				
Capital assets, not being depreciated				
Land and CIP	$ 235,000	$ -	$ -	$ 235,000
Total capital assets, not being depreciated	235,000	-	-	235,000
Capital assets, being depreciated				
Streets and land improvements	437,222	-	-	437,222
Buildings and improvements	237,310	-	-	237,310
Machinery and equipment	128,099	17,158	-	145,257
Right-of-use assets	-	97,703	-	97,703
Total capital assets, being depreciated	802,631	114,861	-	917,492
Less accumulated depreciation for				
Streets and land improvements	(409,389)	(4,503)	-	(413,892)
Buildings and improvements	(167,614)	(5,827)	-	(173,441)
Machinery and equipment	(111,201)	(7,842)	-	(119,043)
Less accumulated amortization for				
Right-of-use leased assets	-	(10,468)	-	(10,468)
Total depreciation and amortization	(688,204)	(28,640)	-	(716,844)
Total capital assets, being depreciated, net	114,427	86,221	-	200,648
Governmental activity, capital assets, net	$ 349,427	$ 86,221	$ -	$ 435,648

Depreciation expense was charged to current function of the primary government as follows:

Governmental Activities Depreciation	
General government	$ 5,827
Public works	9,978
Culture and recreation	2,367
Governmental Activities Amortization	
Public works	10,468
Total governmental activities	$ 28,640

4. CAPITAL ASSETS (Continued)

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Proprietary Activities				
SEWER				
Land	$ 212,725	$ -	$ -	$ 212,725
Total capital assets, not being depreciated	212,725	-	-	212,725
SEWER				
Equipment	285,867	14,776	-	300,643
Sewer System	4,146,022	-	-	4,146,022
Right -of-use leased assets	-	97,702		97,702
Total capital assets, being depreciated	4,431,889	112,478	-	4,544,367
Less accumulated depreciation for				
Equipment	(249,248)	(14,688)	-	(263,936)
Sewer System	(4,006,381)	(32,058)	-	(4,038,439)
Less accumulated amortization for				
Right -of-use leased assets	-	(10,468)	-	(10,468)
Total depreciation and amortization	(4,255,629)	(57,214)	-	(4,312,843)
Total capital assets, being depreciated, net	176,260	55,264	-	231,524
Sewer activity, capital assets, net	$ 388,985	$ 55,264	$ -	$ 444,249

Depreciation expense was charged to current function of the proprietary funds as follows:

Proprietary Activities	
Sewer	$ 57,214
Total proprietary activities	$ 57,214

5. PENSION PLAN

Plan Description

The City contributes to the Base Plan, which is 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.

Pension Benefits

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

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement of 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 the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were $12,780 for the year ended June 30, 2024.

5. PENSION PLAN (Continued)

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 .00233258 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $24,009. 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
Differences between expected and actual experience	$ 13,892	$ -
Changes of assumptions	3,457	-
Net difference between projectected and actual earnings	(1,584)	-
Amortization	(850)	-
Contributions made subsequent to measurement date	3,972	-
Total	$ 18,887	$ -

$3,972 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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 expenses (revenue) as follows:

Year ended September 30:	
2025	4,306
2026	16,269
2027	(2,805)
2028	(2,005)

5. PENSION PLAN (Continued)

Actuarial Assumptions

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

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

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%
Cost-of-living adjustments	1.00%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

Contributing Members, Service Retirement Members, and Beneficiaries Continued

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

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions 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.

5. PENSION PLAN (Continued)

Actuarial Assumptions (continued)

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	(0.25)%
TIPS	10.00%	(0.30)%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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 (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net ension liabililty (asset)	165,809	87,254	23,094

5. 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.

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.

6. SEGMENT INFORMATION

The City issues separate revenue bonds to finance its sewer department not the garbage department. The two departments are accounted for in a single fund, but investors in those bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each department is presented below. The Sewer Department operates the City's sewage treatment plant, sewage pumping stations, and collection systems. The Garbage Department operates the City's garbage collection system.

6. SEGMENT INFORMATION (Continued)

CONDENSED STATEMENT OF NET POSITION	Sewer	Garbage
Assets		
Current assets	$ 144,994	$ 10,130
Non-current assets	-	-
Capital assets	444,249	-
Total assets	589,243	10,130
Deferrred outflow of resources	3,303	-
Liabilities		
Other current liabilities	15,879	1,621
Noncurrent liabilities		-
Lease liability	39,634	-
Pension liability	15,261	-
Total liabilities	70,774	1,621
Deferred inflows of resources	-	-
Net position		
Invested in capital assets, net of related debt	404,615	-
Unrestricted	117,157	8,509
Total net position	$ 521,772	$ 8,509

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	Sewer	Garbage
Operating revenues (pledged against bonds (sewer)	$ 181,040	$ 33,175
Depreciation expense	(57,214)	-
Other operating expenses	(238,782)	(33,754)
Operating income (loss)	(114,956)	(579)
Nonoperating revenues (expenses)		
Investment and miscellaneous income	272	-
Miscellaneous Income	28,129	-
Change in net position	(86,555)	(579)
Beginning net position	608,327	9,088
Ending net position	$ 521,772	$ 8,509

CONDENSED STATEMENT OF CASH FLOWS	Sewer	Garbage
Net cash provided (used) by:		
Operating activities	$ (76,874)	$ (579)
Capital and related financing activities	(64,776)	-
Investing activities	28,401	-
Net increase (decrease) in cash and cash equiv.	(113,249)	(579)
Beginning cash and cash equivalents	136,222	9,088
Ending cash and cash equivalents	$ 22,973	$ 8,509

7. LITIGATION AND CONTINGENT LIABILITIES

No claims or lawsuits are pending against the City.

8. LONG-TERM DEBT AND CAPITAL LEASES

Long-term Obligation Activity:

General long-term obligations of the City include revenue bonds for the sewer project,capital leases and other debt. During the year ending September 30, 2024, the following changes occurred in long-term debt:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Amounts due within one year
Governmental Activities					
Pension Liability	$ 81,536	$ -	$ 9,543	$ 71,993	$ -
Leases	-	47,703	-	47,703	8,069
Total governmental act.	$ 81,536	$ 47,703	$ 9,543	$ 119,696	$ 8,069
Business Activitites					
Pension Liability	$ 17,272	$ -	$ 2,011	$ 15,261	$ -
Leases	-	47,702	-	47,702	8,068
Total business act.	$ 17,272	$ 47,702	$ 2,011	$ 62,963	$ 8,068

The City has entered into a new Operating lease with Titan Machinery for the purchase of equipment for the period of five years having interest rate of 5.84%,starting from September 1, 2025 till September 1, 2029.

Obligations of governmental activities and business activities under capital leases as of September 30, 2024, are as follows:

Year Ended	Governmental			Business		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2025	$ 8,069	$ 3,328	$ 11,397	$ 8,068	$ 3,327	$ 11,395
2026	9,082	2,315	11,397	9,081	2,314	11,395
2027	9,612	1,785	11,397	9,612	1,784	11,396
2028	10,173	1,223	11,396	10,173	1,223	11,396
2029	10,767	629	11,396	10,768	628	11,396
2030-2034	-	-	-	-	-	-
	$ 47,703	$ 9,280	$ 56,983	$47,702	$ 9,276	$ 56,978

Debt service for governmental fund types is budgeted and expended from the fund to whicg the debt belongs.

Compensated absences typically have been liquidated in the general and other governmental funds.

9. RELATED PARTY TRANSACTIONS

The City has not been directly involved in related party transactions that would violate the Idaho Code or Federal Regulations.

10. MATERIAL VIOLATION OF FINANCE – RELATED LEGAL AND CONTRACTUAL PROVISIONS

There are no known violations of direct finance-related legal and contractual provisions.

11. DEFICITS AND INTERFUND TRANSACTIONS

There were no fund deficits reportable by the City.

12. SUBSEQUENT EVENTS

There are no known subsequent events that will have a material impact on the operation of the City. Subsequent events have been considered through the report date of July 10, 2025.

13. NONSPENDABLE AND SPENDABLE FUND BALANCES

Fund balance is separated into nonspendable and spendable fund balance. Nonspendable fund balance 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. Spendable amounts are classified into restricted, committed, assigned and unassigned. The following is a list of nonspendable and spendable fund balance designations for the City of Menan.

Unassigned. This fund balance is not assigned to any specific purpose. The City of Menan will use the unassigned fund balance for expenditures in the subsequent fiscal year.

14. 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had deferred outflows of resources which consisted of deferred outflows related to pensions (see Note 5 for amounts).

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. See Note 5 for any deferred inflows of resources for the Statement of Net Position. The City has one type of item, which arises only under a modified accrual basis of accounting, that 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 revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that amounts become available. Deferred inflows of resources at September 30, 2024 consisted of $5,744 in the governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MENAN - STATE OF IDAHO
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the year ended September 30, 2024

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET-POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property taxes	$ 260,000	$ 260,000	$ 163,292	$ (96,708)
Sales and miscellaneous taxes	-	-	-	-
Fees and fines	-	-	2,169	2,169
Licenses and permits	-	-	100	100
Intergovernmental	214,752	214,752	168,032	(46,720)
Charges for services	15,000	15,000	18,158	3,158
Investment earnings	-	-	472	472
Franchise	-	-	6,979	6,979
Miscellaneous	-	-	2,163	2,163
	489,752	489,752	361,365	(128,387)
EXPENDITURES				
Current:				
General government	134,502	134,502	134,069	433
Public safety	5,500	5,500	9,155	(3,655)
Highways and roads	270,250	270,250	210,418	59,832
Culture and recreation	-	-	501	(501)
Education	-	-	250	(250)
Conservation/economic development	19,500	19,500	28,393	(8,893)
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	60,000	60,000	103,091	(43,091)
	489,752	489,752	485,877	3,875
Excess (deficiency) of revenues over expenditures	-	-	(124,512)	(124,512)
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	47,703	(47,703)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	47,703	(47,703)
Net change in fund balances	$ -	$ -	(76,809)	$ (172,215)
Fund Balances, October 1, 2023			367,279	
FUND BALANCES, SEPT. 30, 2024			$ 290,470	

CITY OF MENAN – STATE OF IDAHO
NOTES TO BUDGET AND ACTUAL COMPARISON SCHEDULE
For the Year Ended September 30, 2024

1. BASIS OF PRESENTATION

The budget to actual comparison schedule has been prepared on the modified accrual basis of accounting, which is the same budgetary basis used by the City of Menan.

2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

For the year ended September 30, 2024, actual expenditures did not exceeded the budgeted amount in the general fund.

CITY OF MENAN
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY PERSI – BASE PLAN
LAST 10 – FISCAL YEARS*

	PERSI BASE PLAN				
Fiscal Year	Employer's portion of net pension liability	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportional share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.0033809%	$ 44,521	$ 94,365	47.18%	91.38%
2016	0.0026320%	$ 55,355	$ 76,208	70.01%	87.26%
2017	0.0024125%	$ 37,920	$ 74,536	50.88%	90.68%
2018	0.0023711%	$ 34,974	$ 75,885	46.09%	91.69%
2019	0.0024026%	$ 27,425	$ 81,257	33.75%	93.79%
2020	0.0026500%	$ 52,596	$ 80,318	65.49%	88.22%
2021	0.0022997%	$ (1,816)	$ 85,473	-2.12%	100.36%
2022	0.0023738%	$ 93,499	$ 93,209	100.31%	83.09%
2023	0.0024760%	$ 98,808	$ 106,120	93.11%	83.83%
2024	0.0023326%	$ 87,254	$ 106,679	81.79%	85.54%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those use for which information is available.

Data reported is measured as of June 30.

CITY OF MENAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS PERSI – BASE PLAN
LAST 10 – FISCAL YEARS*

	PERSI BASE PLAN				
Fiscal Year	Statutorily Required Contribution	Contribution in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2015	$ 11,059	$ 11,347	$ (288)	$ 94,365	12.02%
2016	$ 7,824	$ 8,833	$ (1,009)	$ 76,208	11.54%
2017	$ 8,135	$ 8,597	$ (462)	$ 74,536	11.53%
2018	$ 9,208	$ 8,753	$ 455	$ 75,885	11.53%
2019	$ 9,193	$ 9,372	$ (179)	$ 81,257	11.53%
2020	$ 8,887	$ 9,754	$ (867)	$ 80,318	12.14%
2021	$ 9,080	$ 10,370	$ (1,291)	$ 85,473	12.13%
2022	$ 11,970	$ 11,970	$ -	$ 93,209	12.84%
2023	$ 12,076	$ 12,076	$ -	$ 106,120	11.38%
2024	$ 13,226	$ 13,226	$ -	$ 106,679	12.40%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those use for which information is available.

Data is reported is measured as of September 30.

CITY OF MENAN
NOTES TO PERSI PLAN SCHEDULES
For the Year Ended September 30, 2024

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the employer's contributions are calculated as of June 30, 2024. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	PERSI Base Plan
Valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll open
Remaining amortization period	10.8 years
Asset valuation method	Fair Market value
Actuarial assumptions:	
Investment Rate of Return *	6.35%
Projected salary increases including inflation	3.05%
Postretirement benefit increase	1.00%
Implied price inflation rate	2.30%
Discount Rate – Actuarial Accrued Liability	6.35%

* net of investment expenses

SUPPLEMENTARY INFORMATION

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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*

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Menan – State of Idaho
Menan, Idaho

We have audited 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Menan, 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 Menan, Idaho's basic financial statements, and have issued our report thereon dated July 10, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Menan, 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 Menan's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Menan's internal control.

Our consideration of the internal control was for limited purposes described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we considered to be a material weakness and significant deficiency.

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. We consider the deficiency described below to be a material weakness.

Finding 2024-001

Condition	The size of the City's staff is not large enough to permit a complete segregation of duties for an effective system of internal controls.
Criteria	An effective system of internal controls requires that closely related duties be segregated.
Context	Because of review by the City Council of financial transactions, the risk is reduced but errors could still occur and not be detected in the normal course of business.

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Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The City's staff is too small to allow a complete segregation of duties.
Recommendation	Although the City is not large enough to permit a complete segregation of duties for an effective system of internal accounting control, we recommend that officials be aware that the condition does exist and take steps to identify opportunities to further segregate duties where possible.
Managements Response	Although the City recognizes the importance of segregation of duties for proper internal control, the City does not believe it would be cost effective to increase its staff size simply to provide greater segregation of duties. The City will be cognizant of opportunities that arise to further segregate duties within the limitations of the City's size.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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, as defined above, that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Entity's Response to Findings

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

Purpose of this Report

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

Searle Hart + Associates PLLC

Rexburg, Idaho
July 10, 2025