City of Moyie Springs, Idaho

Financial Report
September 30, 2024

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of Moyie Springs, Idaho

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 31 and 32, and the schedules of employer's share of the net pension liability (asset) and employer contributions on pages 34 and 35, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information, Continued

Management has not presented the management's discussion and analysis that governmental 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 3, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Matters

The City of Moyie Springs' financial statements as of and for the year ended September 30, 2023 were audited by other auditors whose report, dated November 13, 2024, expressed an unmodified opinion on those financial statements.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

October 3, 2025

Basic Financial Statements

City of Moyie Springs, Idaho
Statement of Net Position - City-Wide
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 6)	$ 265,086	$ 812,858	$ 1,077,944
Receivables (Note 7)	113,089	284,121	397,210
Internal balances (Note 9)	(64,141)	64,141	-
Total current assets	314,034	1,161,120	1,475,154
Noncurrent assets:			
Capital assets, net (Note 8)	284,555	5,256,796	5,541,351
Total assets	598,589	6,417,916	7,016,505
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to the net pension liability (Note 12)	35,454	-	35,454
Total deferred outflows of resources	35,454	-	35,454
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	650	415,865	416,515
Compensated absences, due within one year (Note 11)	2,141	2,141	4,282
Unearned property taxes (Note 7)	90,579	-	90,579
Unearned water and sewer revenue	-	4,609	4,609
Unearned grant revenue (Note 15)	8,541	163,688	172,229
Total current liabilities	101,911	586,303	688,214
Noncurrent liabilities:			
Note payable to IDEQ (Note 11)	-	194,862	194,862
Net pension liability (Note 12)	126,695	-	126,695
Total noncurrent liabilities	126,695	194,862	321,557
Total liabilities	228,606	781,165	1,009,771
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to the net pension liability (Note 12)	2,300	-	2,300
Total deferred inflows of resources	2,300	-	2,300
Commitments and contingencies (Notes 14 and 16)			
NET POSITION			
Net investment in capital assets	284,555	5,061,934	5,346,489
Restricted for maintenance and repair of highways and streets	169,275	-	169,275
Restricted for parks	10,673	-	10,673
Unrestricted	(61,366)	574,817	513,451
Total net position	$ 403,137	$ 5,636,751	$ 6,039,888

City of Moyie Springs, Idaho
Statement of Activities - City-Wide
Year Ended September 30, 2024

Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	$ 245,222	$ 1,703	$ 345	$ (243,174)		$ (243,174)
Public safety	35,558	-	-	(35,558)		(35,558)
Highways and streets	18,840	-	94,319	75,479		75,479
Depreciation	26,083	-	-	(26,083)		(26,083)
Total governmental activities	325,704	1,703	94,664	(229,337)		(229,337)
Business-type activities:						
Water services	278,679	380,800	-		$ 102,121	102,121
Sewer services	37,858	60,390	3,478,786		3,501,318	3,501,318
Total business-type activities	316,537	441,190	3,478,786		3,603,439	3,603,439
Total City-Wide	$ 642,241	$ 442,893	$ 3,573,450	(229,337)	3,603,439	3,374,102
	General revenue:					
	Intergovernmental			42,106	-	42,106
	Property taxes			92,968	-	92,968
	Interest and other income			1,999	(49,065)	(47,066)
	Other income			1,199	-	1,199
	Total general revenues and transfers			138,272	(49,065)	89,207
	Change in net position			(91,065)	3,554,374	3,463,309
	Total net position, beginning of year			494,202	2,082,377	2,576,579
	Total net position, end of year			$ 403,137	$ 5,636,751	$ 6,039,888

City of Moyie Springs, Idaho
Balance Sheet - Governmental Funds
September 30, 2024

	General Fund	Street Fund	Total Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	$ 176,744	$ 88,342	$ 265,086
Receivables	100,109	12,980	113,089
Due from other funds (Note 9)	-	76,494	76,494
Total assets	$ 276,853	$ 177,816	$ 454,669
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued liabilities	$ 650	$ -	$ 650
Unearned property taxes	90,579	-	90,579
Unearned grant revenue	-	8,541	8,541
Due to other funds (Note 9)	140,635	-	140,635
Total liabilities	231,864	8,541	240,405
Deferred inflows of resources:			
Deferred property taxes	459	-	459
Total deferred inflows of resources	459	-	459
Fund balance (Note 13):			
Restricted for:			
Maintenance of streets	-	169,275	169,275
Restricted for parks	10,673	-	10,673
Unassigned	33,857	-	33,857
Total fund balance	44,530	169,275	213,805
Total liabilities, deferred inflows of resources and fund balance	$ 276,853	$ 177,816	$ 454,669

City of Moyie Springs, Idaho
Reconciliation of the Balance Sheet - Governmental Funds
with the Statement of Net Position - City-Wide
September 30, 2024

Amounts reported for governmental activities in the Statement of Net Position - City-Wide are different because:		
Total fund balance - Governmental Funds		$ 213,805
Property taxes receivable will be collected, but are not available soon enough to pay for current period expenditures, and are therefore reported as deferred inflows of resources in the governmental funds.		459
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds:		
The cost of capital assets is	$ 546,445	
Accumulated depreciation is	(261,890)	
		284,555
Certain long-term liabilities, including accrued compensated absences and the net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds:		
Compensated absences, due within one year	(2,141)	
Net pension liability	(126,695)	
		(128,836)
Deferred outflows and deferred inflows of resources pertaining to the net pension liability are not financial resources and therefore are not reported in the governmental funds:		
Deferred outflows related to the net pension liability	35,454	
Deferred inflows related to the net pension liability	(2,300)	
		33,154
Total net position - City-Wide		$ 403,137

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

	General Fund	Street Fund	Total Governmental Funds
REVENUES			
Intergovernmental	$ 42,106	$ 94,319	$ 136,425
Taxes, primarily property	93,082	-	93,082
Licenses and permits	1,703	-	1,703
Donations	345	-	345
Interest income	1,968	31	1,999
Other income	1,199	-	1,199
Total revenues	140,403	94,350	234,753
EXPENDITURES			
General government	226,916	-	226,916
Public safety	32,904	-	32,904
Highways and streets	-	17,434	17,434
Capital outlays	-	-	-
Total expenditures	259,820	17,434	277,254
Net change in fund balance	(119,417)	76,916	(42,501)
Total fund balance, beginning of year	163,947	92,359	256,306
Total fund balance, end of year	$ 44,530	$ 169,275	$ 213,805

The accompanying notes are an integral part of the basic financial statements.

City of Moyie Springs, Idaho
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds with the Statement of Activities - City-Wide
Year Ended Year Ended Year Ended Year Ended September 30, 2024

Amounts reported for governmental activities in the Statement of Activities - City-Wide are different because:		
Net change in fund balance - Governmental Funds		$ (42,501)
Some property taxes were not collected within 30 days after the end of the City's fiscal year end, and therefore were not available to pay liabilities of the current period. Accordingly, they are recorded as a deferred inflow of resources in the governmental funds. However, in the Statement of Activities - City-Wide they are recorded as revenue. The change in deferred inflows of resources in the governmental funds during the current year is an adjustment.		(114)
Capital outlays to purchase capital assets are reported as expenditures in the governmental funds. However, in the Statement of Activities - City-Wide, the cost of these assets is allocated over their estimated useful lives as depreciation:		
Capital outlays	$ -	
Depreciation	(26,083)	
		(26,083)
In the Statement of Activities - Town-Wide, pension offset (expense) is actuarially determined and adjusted by amortization of deferred outflows and deferred inflows of resources. In the governmental funds, however, pension expenditures are measured by the amount of financial resouces used (i.e., the amount of contributions actually paid). The difference between contributions paid and the changes in the Town's proportionate share of the net pension liability and the related deferred outflows and deferred inflows of resources is an adjustment.		(22,338)
In the Statement of Activities - City-Wide, certain operating expenses, including compensated absences and net pension expense (expense offset) are measured by the amount incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (i.e., the amount actually paid). In the current year, the amount incurred exceeded the amount paid.		(29)
Change in net position - City-Wide		$ (91,065)

City of Moyie Springs, Idaho
Statement of Net Position - Proprietary Funds
September 30, 2024

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 481,141	$ 331,717	$ 812,858
Accounts receivable, net (Note 7)	30,931	5,940	36,871
Grant receivable, net (Note 7)	-	247,250	247,250
Due from other funds (Note 9)	15,253	48,888	64,141
Total current assets	527,325	633,795	1,161,120
Noncurrent assets:			
Capital assets, net (Note 8)	1,189,183	4,067,613	5,256,796
Total noncurrent assets	1,189,183	4,067,613	5,256,796
Total assets	1,716,508	4,701,408	6,417,916
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	2,600	413,265	415,865
Compensated absences, due within one year (Note 11)	1,703	438	2,141
Unearned revenue	4,339	270	4,609
Unearned grant revenue	-	163,688	163,688
Total current liabilities	8,642	577,661	586,303
Noncurrent liabilities:			
Note payable to IDEQ (Note 11)	-	194,862	194,862
Total noncurrent liabilities	-	194,862	194,862
Total liabilities	8,642	772,523	781,165
NET POSITION			
Net investment in capital assets	1,189,183	3,872,751	5,061,934
Unrestricted	518,683	56,134	574,817
Total net position	$ 1,707,866	$ 3,928,885	$ 5,636,751

City of Moyie Springs, Idaho
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended September 30, 2024

	Water Fund	Sewer Fund	Total
Operating revenues:			
Service fees	$ 380,800	$ 60,390	$ 441,190
Total operating revenues	380,800	60,390	441,190
Operating expenses:			
Payroll costs	156,453	25,663	182,116
Utilities	20,310	3,729	24,039
Maintenance	29,815	2,831	32,646
Administrative and supplies	26,749	5,220	31,969
Depreciation expense (Note 9)	45,352	415	45,767
Total operating expenses	278,679	37,858	316,537
Operating income	102,121	22,532	124,653
Non-operating revenues (expenses):			
Grant revenue	-	3,478,786	3,478,786
Interest income	19,808	10,997	30,805
Other expense	(79,870)	-	(79,870)
Total non-operating revenues (expenses), net	(60,062)	3,489,783	3,429,721
Change in net position	42,059	3,512,315	3,554,374
Net position, beginning of year	1,665,807	416,570	2,082,377
Net position, end of year	$ 1,707,866	$ 3,928,885	$ 5,636,751

The accompanying notes are an integral part of the basic financial statements.

City of Moyie Springs, Idaho
Statement of Cash Flows - Proprietary Funds
Year Ended Year Ended Year Ended September 30, 2024

	Water Fund	Sewer Fund	Total
Cash flows from operating activities:			
Receipts from customers	$ 362,876	$ 12,380	$ 375,256
Payments to suppliers and contractors	(74,574)	(11,780)	(86,354)
Payments to and on behalf of employees	(156,431)	(25,657)	(182,088)
Net cash provided by operating activities	131,871	(25,057)	106,814
Cash flows from financing activities:			
Borrowings on note payable to IDEQ	-	232,547	232,547
Nonoperating grant proceeds	-	2,934,212	2,934,212
Net cash provided by financing activities	-	3,166,759	3,166,759
Cash flows from investing activities:			
Interest income	19,808	10,997	30,805
Purchases of capital assets	(307,480)	(3,077,062)	(3,384,542)
Other non-operating expense	(79,870)	-	(79,870)
Net cash used by investing activities	(367,542)	(3,066,065)	(3,433,607)
Net change in cash and cash equivalents	(235,671)	75,637	(160,034)
Cash and cash equivalents, beginning of year	716,812	256,080	972,892
Cash and cash equivalents, end of year	$ 481,141	$ 331,717	$ 812,858
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 102,121	$ 22,532	$ 124,653
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	45,352	415	45,767
Changes in assets and liabilities:			
Accounts receivable	(4,417)	(173)	(4,590)
Due from other funds	(14,524)	(48,107)	(62,631)
Accounts payable from operations	2,300	-	2,300
Compensated absences	22	6	28
Unearned revenue	1,017	270	1,287
Net cash provided by operating activities	$ 131,871	$ (25,057)	$ 106,814

1. Organization

The City of Moyie Springs, Idaho ("the City") was created in 1941 and operates under a Mayor-Council form of government and provides the following services authorized by its charter: street improvements and maintenance, municipal water and sewer, fire services and general administrative services. The City is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since the mayor and council members are elected by the public; have decision-making authority; have the power to designate management; have the responsibility to significantly influence operations; and have primary accountability for fiscal matters. Additionally, the City has no component units which are required to be included in its reporting entity.

2. City-Wide and Fund Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management's Discussion and Analysis

The management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities in a narrative format. An analysis of the City's overall financial position and results of operations should be included to assist users in assessing whether the City's financial position has improved or deteriorated as a result of the year's activities.

City-Wide Financial Statements

The city-wide financial statements, including the Statement of Net Position – City-Wide and the Statement of Activities – City-Wide, report information on all of the non-fiduciary activities of the City. These statements report the *governmental* and *business-type* activities of the City. Governmental transactions are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

The Statement of Activities – City-Wide presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. The City does not charge indirect expenses to programs or functions. 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 are presented as general revenues.

In general, the effect of interfund transactions has been eliminated from the city-wide financial statements. Exceptions to this general rule are transactions between the City's governmental and business-type activities. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

Depreciation is presented in its entirety in the Statement of Activities – City-Wide. No depreciation has been allocated to any of the City's specific functions.

2. City-Wide and Fund Financial Statements, Continued

Fund Financial Statements

The fund financial statements provide information on the City's funds. Separate statements for each fund category – *Governmental* and *Business-Type* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed separately.

Budgetary Comparison Schedules

The budgetary comparison schedules are presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the City's legally adopted budgets (see Note 4). The City may revise the original budgets over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information is provided, and includes comparisons of the City's originally adopted budgets to the final budgets and actual results.

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

The city-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange 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. 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 stipulated by the provider have been met and satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 30 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences and early retirement liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The City reports the following governmental funds:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

Street Fund: The Street Fund is used to account for the street department, which maintains streets and street lights within the City. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

The City reports the following proprietary funds:

Water Fund and Sewer Fund: These Proprietary Funds are used for operations that are financed and operated in a manner similar to private enterprises where the intent of providing goods and services is financed primarily through user charges. The City's Water and Sewer Funds are used to account for the water and sewer departments, which provide water and sewer services to individuals and businesses within the City. Operating revenues are comprised of user charges. Non-operating revenues, if any, are comprised of interest income, grants and transfers from other funds.

4. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund and Street Fund. All annual appropriations lapse at year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The City publishes a proposed budget for public review;
b) Public hearings are set to obtain taxpayer comments;
c) Prior to October 1, the budget is adopted by resolution of the City Council and published;
d) The final budget is then filed with the State of Idaho. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Council must approve any over-expenditures of appropriations or transfers of appropriated amounts.

During the fiscal year ended September 30, 2024, there were no changes to the originally adopted budget.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The City has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in the liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. The City is currently evaluating the financial statement impact of adopting this statement.

Cash and Cash Equivalents

The City considers cash and cash equivalents to consist of cash on hand, checking accounts, savings accounts, and short-term investments with original maturities of three months or less from the date of acquisition. The City also considers certificates of deposit with maturities beyond three months to be cash equivalents because the City is able to access the funds at any time with minimal penalty.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables from grants, contracts, water and sewer services and other. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Management expects all September 30, 2024 receivables to be collectible, and therefore no allowance for doubtful accounts has been provided as of that date.

5. Summary of Significant Accounting Policies, Continued

Property Taxes

In accordance with Idaho State Law, an ad valorem property tax is levied in September for each calendar year. Levies are made on the second Monday of September. All of the personal property taxes and one-half of the real property taxes are due on or before June 20 of the following year. Property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year. Boundary County acts as an agent for the City in both the assessment and collection of property taxes. The County remits tax revenues to the City monthly, with the majority of the collections being remitted in January and July.

Because the City is not a taxing entity, property taxes that are collected on the City's behalf by the County are recorded as receivables. In the governmental fund financial statements, property taxes are recorded as revenue in the period for which the taxes are levied, to the extent that they are collected and received by the City within 30 days after the financial statement date. Property taxes receivable which are not collected within 30 days after the financial statement date are reflected in the fund financial statements as deferred inflows of resources. In the city-wide financial statements, all property taxes receivable, regardless of when they are collected, are recorded as revenue in the period for which the taxes are levied.

Capital Assets

Capital assets are reported in the city-wide and proprietary fund financial statements, and as expenditures in the governmental fund financial statements. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation. Major improvements and betterments are capitalized. The City uses a capitalization threshold of $2,500. Expenditures for repairs and maintenance are charged to expense in the period incurred.

When capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the Statement of Activities – City-Wide or the Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund.

In the Statement of Activities – City-Wide and the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds, depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

Category	Years
Water and sewer systems	5 to 50
Infrastructure	5 to 50
Buildings and building improvements	25 to 40
Equipment	5 to 15
Furniture and fixtures	7
Licensed vehicles	5 to 7

5. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, which distinguishes between assumptions based on market data (observable inputs) and the City's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the City. At September 30, 2024, the City had no assets or liabilities that were measured at fair value on a recurring basis.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The City had no assets or liabilities measured at fair value on a nonrecurring basis during 2024.

Liabilities

Liabilities shown on the governmental fund financial statements are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year, and are reported as an expenditure and fund liability of the governmental fund that will pay it. On the city-wide and proprietary fund financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* (GASB No. 16). Compensated absences consist of accrued vacation and compensated leave balances that are unpaid by the financial statement date. All eligible employees of the City earn vacation and compensated leave in amounts that vary based on tenure and classification.

Accrued vacation and compensated leave that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund that will pay it. Accrued vacation and compensated leave that is expected to be utilized by employees during the upcoming fiscal year is reported as a current obligation in the city-wide financial statements. Accrued vacation and compensated leave that is not expected to be utilized by employees during the upcoming fiscal year is reported as a noncurrent obligation in the city-wide financial statements. Accrued vacation and compensated leave of proprietary funds, if any, is recorded as an expense and liability of that fund as the benefits accrue to employees. When an employee terminates employment with the City, unused accrued vacation and compensated leave is paid at the employee's hourly rate then in effect.

5. Summary of Significant Accounting Policies, Continued

Unearned Revenue

Certain of the City's water and sewer customers choose to pay their bills in advance. Because these pre-payments are a liability to the City until the requisite services have been provided, these amounts are recorded as unearned revenue in the City's financial statements.

Pensions

For purposes of measuring the net pension liability and pension expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan ("the Base Plan"), and additions to, or deductions from, the 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.

In the event that the Base Plan was unable to meet its benefit payment requirements, the City has determined that its General Fund would likely make all required pension payments. Therefore, all of the City's pension related activities have been recorded in the General Fund.

Grant Revenue

The City occasionally receives financial assistance from governmental agencies in the form of grants. Revenue is deemed earned and thus recognized when applicable grant expenditures are recorded. Funds received but not earned, if any, at September 30, 2024, are recorded as unearned revenue.

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net investment in capital assets. This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position. This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position. This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted."

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

5. Summary of Significant Accounting Policies, Continued

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB No. 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be reported within one of the following fund balance classifications (see Note 14):

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses, if any;

Restricted: The portion of fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority);

Assigned: The portion of fund balance that is intended to be used by the City for specific purposes, but does not meet the criteria to be classified as restricted or committed; and

Unassigned: The residual portion of fund balance for the City's General Fund and includes all spendable amounts not included in the other classifications.

Fund Balance Spending Policy

The City's policy is to apply expenditures from the most restrictive fund balance to the least restrictive, as follows: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year.

It is possible for governmental funds other than the General Fund, if any, to have negative unassigned fund balances when nonspendable amounts plus restricted amounts exceed the positive fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The City has evaluated subsequent events through October 3, 2025, the date these financial statements were available to be issued. No material subsequent events have occurred since September 30, 2024 that required recognition or disclosure in these financial statements.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held in checking, savings and money market accounts and certificates of deposit with local banks. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2024, the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each bank.

The combined carrying amount of cash and cash equivalents on the City's books at September 30, 2024 was $1,077,944 and bank balances totaled $1,114,169. The difference between the carrying amount of cash and cash equivalents on the City's books and the bank's balances consisted of outstanding checks and deposits not processed by the banks as of September 30, 2024.

A summary of the total insured and uninsured bank balances at September 30, 2024 is as follows:

Total bank balances	$ 1,114,169
Portion insured by the FDIC	(543,402)
Uninsured bank balances	$ 570,767

7. Receivables

Receivables and amounts due from other governments at September 30, 2024 are summarized as follows:

Governmental activities:

Unearned property taxes	$ 90,579
Current property taxes	779
Deferred property taxes	459
Due from other governments	21,272
	$ 113,089

Taxes Receivable

Unearned property taxes receivable consist of property taxes levied for the next fiscal year. These amounts have been offset by unearned property taxes in the city-wide and governmental fund financial statements.

Property taxes receivable consist of property taxes received within the first 30 days after the City's fiscal year-end that relate to taxes levied for the current and prior fiscal years.

Deferred property taxes receivable consist of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within the first 30 days after the City's fiscal year-end. These amounts have been included as deferred inflows of resources in the governmental fund financial statements.

Due from Other Governments

Due from other governments and represents amounts due from the State of Idaho for various taxes, including state revenue sharing, highway users fees, and state liquor taxes.

7. Receivables, Continued

Business-type activities:

Accounts receivable, net	$ 36,871
Grants receivable	247,250
	$ 284,121

Accounts Receivable

The Water and Sewer Funds had accounts receivable of $26,514 and $5,767, respectively, for amounts due from citizens and businesses in the community for water and sewer services provided through September 30, 2024. Because the City has been very successful in collecting amounts owed for these services in the past, and management expects to collect substantially all outstanding account balances on the City's records at September 30, 2024, no allowance for doubtful accounts has been recorded at September 30, 2024.

Grants Receivable

Grants receivable balances consisted of revenues earned by the District from various state or federal grants that had not been received by the District as of September 30, 2024.

8. Capital Assets

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

Governmental activities:

	Balance September 30, 2023	Additions	Transfers	Disposals	Balance September 30, 2024
Buildings	$ 97,182	$ --	$ --	$ --	$ 97,182
Fire department equipment	91,579	--	--	--	91,579
Furniture and fixtures	12,121	--	--	--	12,121
Infrastructure	145,728	--	--	--	145,728
Licensed vehicles	43,000	--	--	--	43,000
Park equipment	35,047	--	--	--	35,047
Rolling equipment	99,220	--	--	--	99,220
Road equipment	5,305	--	--	--	5,305
	529,182	--	--	--	529,182
Accumulated depreciation	(235,807)	(26,083)	--	--	(261,890)
Capital assets in service	293,375	(26,083)	--	--	267,292
Land right-of-way	17,263	--	--	--	17,263
Net capital assets	$ 310,638	$ (26,083)	$ --	$ --	$ 284,555

Depreciation expense for governmental activities has not been allocated to any of the City's individual functions. Rather, the City has included all depreciation related to governmental activities as a single line item on the Statement of Activities – City-Wide.

8. Capital Assets, Continued

Business-type activities:

	Balance September 30, 2023	Additions	Transfers	Disposals	Balance September 30, 2024
Water system	$ 1,640,839	$ 307,480	$ 107,065	$ --	$ 2,055,384
Sewer system	56,249	--	--	--	56,249
Buildings	81,463	--	--	--	81,463
Building improvements	33,542	--	--	--	33,542
Rolling mobile equipment	51,287	--	--	--	51,287
Other equipment	14,056	--	--	--	14,056
Licensed vehicles	1,500	--	--	--	1,500
Equipment in vehicles	3,971	--	--	--	3,971
	1,882,907	307,480	107,065	--	2,297,452
Accumulated depreciation	(1,062,112)	(45,767)	--	--	(1,107,879)
Capital assets in service	820,795	261,713	107,065	--	1,189,573
Construction in progress	681,861	3,490,327	(107,065)	--	4,065,123
Land	2,100	--	--	--	2,100
Net capital assets	$ 1,504,756	$ 3,752,040	$ --	$ --	$ 5,256,796

9. Interfund Receivables and Payables

Interfund receivables and payables arise primarily from one fund holding cash on behalf of another fund in order to limit the number of bank accounts held by the City. Interfund receivables and payables may also arise from one fund making payments on behalf of another fund to cover expenditures until grant revenues are received. When grant or other funds are received, the paying fund is reimbursed for the payments made on behalf of the receiving fund.

Interfund receivables and payables at September 30, 2024 are summarized as follows:

Due To	Due From	Amount
Street Fund	General Fund	$ 76,494
Water Fund	General Fund	15,253
Sewer Fund	General Fund	48,888

10. Short-Term Borrowings

The City had no short-term borrowings at September 30, 2024, nor were there any short-term borrowings or repayments for the year then ended.

11. Long-Term Obligations

Changes in the City's long-term obligations for the year ended September 30, 2024 are as follows:

Governmental activities:

	Long-Term Obligations September 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations September 30, 2024	Due Within One Year
Compensated absences	$ 2,112	$ 2,141	$ (2,112)	$ 2,141	$ 2,141
Business-type activities:					
Note payable to State of Idaho Department of Environmental Quality	$ 259,639	$ 232,547	$ (297,324)	$ 194,862	$ --
Compensated absences	2,113	2,141	(2,113)	2,141	2,141
	$ 261,752	$ 234,688	$ (299,437)	$ 197,003	$ 2,141

A portion of the funding for the City's ongoing sewer system upgrade project is received from the State of Idaho Department of Environmental Quality (IDEQ) in the form of loans, with principal forgiveness by the IDEQ at the time the funds are disbursed. Although the principal forgiveness occurs simultaneously with the distribution of funds, in order to recognize the flow of funds in accordance with the loan agreement between the City and the IDEQ, the City first recognizes an increase in the note payable to the IDEQ, and the principal forgiveness as a payment of the loan using grant funds provided by the IDEQ.

No portion of accrued compensated absences is considered to be due and payable at September 30, 2024. Accordingly, the City has not recorded any amount of accrued compensated absences in the governmental fund financial statements.

12. Public Employee Retirement System of Idaho Base Plan

Plan Description

The City contributes to the Public Employee Retirement System of Idaho (PERSI or "the System") Base Plan, which is a cost-sharing, multiple-employer defined benefit pension plan 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 PERSI Board, which is 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 be Idaho citizens who are not members of the Base Plan, except by reason of having served on the Board.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five 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. Amounts in parenthesis represent police/firefighters.

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, up to a maximum of the Consumer Price Index increase 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 percentage of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates, which are expressed as percentages of annual covered payroll, if current rates are actuarially determined to be inadequate or in excess of the rates needed to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2024, the required contribution rate as a percentage of covered payroll for members was 6.71% (9.83%). The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18% (13.26%). The City's employer required contributions were $18,815, $18,734 and $13,477 for the years ended September 30, 2024, 2023 and 2022, respectively.

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

At September 30, 2024, the City reported a net pension liability of $126,695 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 to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportionate allocation was 0.000033870%.

For the year ended September 30, 2024, the City recognized net pension expense (expense/offset) of $19,275.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At September 30, 2024, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made subsequent to the measurement date	$ 5,206	$ --
Change in proportionate share	5,058	--
Changes in assumptions or other inputs	5,019	--
Differences between expected and actual experience	20,171	--
Net difference between projected and actual earnings on investments	--	2,300
	$ 35,454	$ 2,300

The amount reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date, totaling $5,206, will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (expense offset) as follows:

Year Ending June 30,	
2025	$ 7,935
2026	27,162
2027	(4,237)
2028	(2,912)
	$ 27,948

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees). The amortization period, which was determined at July 1, 2023, the beginning of the measurement period ended June 30, 2024, is 4.4 years.

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.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

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

An experience study was performed for the period of 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

12. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

The following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted November 2019) and for the Sick Leave Insurance Reserve Funds (Sick Leave, adopted March 2021), as of June 30, 2023:

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	39.30%
US/Global Equity	55.00%	10.70%
Developed Foreign Equities	15.00%	50.00%
Total	100.00%	100.00%

The following capital market assumptions are as of 2023:

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)%
Treasury Inflation-Protected Securities (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 Base Plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense, but without reduction for pension plan administrative expense.

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 proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.35%)	Current Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of net pension liability	$ 240,760	$ 126,695	$ 33,533

12. Public Employee Retirement System of Idaho Base Plan, Continued

Payables to the Pension Plan

At September 30, 2024, the City reported no amounts owing to the Plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

13. Fund Equity

GASB No. 54 requires the fund balance amounts to be properly reported within one of five categories (see Note 5). Specific amounts reported as committed and assigned are summarized below:

Committed: The City's Committed Fund Balance is fund balance reporting required by the City Council, either because of a Board policy or because of motions that passed at Board meetings. At September 30, 2024, there were no portions of fund balance reported as committed.

Assigned: The City's Assigned Fund Balance is fund balance reporting occurring by the Board administration authority. At September 30, 2024, there were no portions of fund balance reported as assigned.

Restricted: Restrictions of net position reported in the financial statements are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific restrictions on net position are summarized below:

Maintenance and Repair of Highways and Streets: The amount is restricted for maintenance and repair in accordance with Idaho State statutes.

City Park Restricted Donations: Through September 30, 2023, the City had received $10,673 in restricted donations for providing improvements to the City's park. The City did not spend any of these funds on park improvements during 2024, and continue to restrict those funds as of September 30, 2024.

14. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the Idaho Counties Risk Management Pool (ICRMP) to provide general liability and property insurance. The City, along with other participating entities, contributes annual amounts determined by ICRMP management. As claims arise, they are submitted to and paid by ICRMP. If necessary, ICRMP may assess members additional amounts to cover losses. No such additional assessments were made during 2024, or in any of the previous three years.

15. Grants and Contracts

Sewer System Upgrade Project

In May 2019, the citizens of the City approved a sewer bond not to exceed $3.5 million for the purpose of acquiring, constructing, replacing and installing certain additions and betterments to the City's wastewater treatment and collection system ("the Project"), required by the Idaho Department of Environmental Quality. To date, the City has not issued the bonds, as it has obtained alternative financing for the project, much of which has been in the form of Federal and State of Idaho loans and grants. These loans and grants are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant and loan agreements and is subject to audit by the City's independent auditors and other governmental auditors. Therefore, to the extent that the City has not complied with the terms and conditions governing the grants, refunds of any money received may be required, and the collectability of any related receivables at may be impaired. Based on prior experience, the City's administration believes such amounts, if any, would be immaterial.

16. Commitments and Contingencies

Litigation

The City is occasionally named as a defendant in lawsuits arising principally in the normal course of operations. The City's management is not aware of any pending or threatened claims or litigation against the City at September 30, 2024. The City has no reserve established for the payment of uninsured claims. Expenditures are recognized when amounts are paid.

Intergovernmental Grants

The City occasionally receives federal and state grants for specific purposes that are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the City's independent auditors and other governmental auditors. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management of the City believes such disallowances, if any, would be immaterial.

Required Supplementary Information

City of Moyie Springs, Idaho
Budgetary Comparison Schedule for the General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Modified Accrual Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Intergovernmental	$ 129,795	$ 129,795	$ 42,106	$ -	$ (87,689)
Taxes, primarily property	99,948	99,948	93,082	-	(6,866)
Licenses and permits	1,528	1,528	1,703	-	175
Donations	840	840	345	-	(495)
Interest income	433	433	1,968	-	1,535
Other income	1,200	1,200	1,199	-	(1)
Total revenues	233,744	233,744	140,403	-	(93,341)
EXPENDITURES					
General government	250,333	250,333	226,916	-	23,417
Public safety	35,000	35,000	32,904	-	2,096
Capital outlays	51,534	51,534	-	-	51,534
Total expenditures	336,867	336,867	259,820	-	77,047
Excess (deficiency) of revenues over (under) expenditures	(103,123)	(103,123)	(119,417)	-	(16,294)
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-
Net changes in fund balance	(103,123)	(103,123)	(119,417)	-	(16,294)
Total fund balance, beginning of year	-	-	163,947	-	163,947
Total fund balance, end of year	$ (103,123)	$ (103,123)	$ 44,530	$ -	$ 147,653

City of Moyie Springs, Idaho
Budgetary Comparison Schedule for the Street Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Modified Accrual Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Intergovernmental	$ 42,000	$ 42,000	$ 94,319	$ -	$ 52,319
Interest income	20	20	31	-	11
Total revenues	42,020	42,020	94,350	-	52,330
EXPENDITURES					
Highways and streets	54,244	54,244	17,434	-	36,810
Capital outlays	14,030	14,030	-	-	14,030
Total expenditures	68,274	68,274	17,434	-	50,840
Excess (deficiency) of revenues over (under) expenditures	(26,254)	(26,254)	76,916	-	103,170
OTHER FINANCING SOURCES (USES)					
Transfers from (to) other funds	-	-	-	-	-
Total other financing sources (uses), net	-	-	-	-	-
Net changes in fund balance	(26,254)	(26,254)	76,916	-	103,170
Total fund balance, beginning of year	92,359	92,359	92,359	-	-
Total fund balance, end of year	$ 66,105	$ 66,105	$ 169,275	$ -	$ 103,170

City of Moyie Springs, Idaho
Notes to Budgetary Comparison Schedules
September 30, 2024

1. Basis of Presentation

The budgetary comparison schedules have been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental fund financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, the budgetary comparison schedules have been prepared in conformance with the presentation used in the preparation of the governmental fund financial statements. This presentation differs from the account groupings required by Idaho Statutes for City Councils' budgetary control at the functional level, as described in Note 4 to the financial statements. There were no instances in which actual expenditures exceeded budgeted expenditures at the functional levels required by Idaho Statutes.

City of Moyie Springs, Idaho
Schedule of Employer's Share of the Net Pension Liability (Asset) - PERSI Base Plan
Last 10 Plan Years

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a / b)	Plan Net Position as a Percentage of Total Pension Liability
2015	0.000030393	$ 40,023	$ 84,733	47.23%	91.38%
2016	0.000026942	54,616	79,448	68.74%	87.26%
2017	0.000026878	42,248	84,135	50.21%	90.68%
2018	0.000026297	38,879	86,409	44.99%	91.69%
2019	0.000025267	28,842	85,699	33.66%	93.79%
2020	0.000026331	61,144	95,339	64.13%	88.22%
2021	0.000026612	(2,102)	99,617	-2.11%	100.36%
2022	0.000028253	111,283	112,054	99.31%	83.09%
2023	0.000034073	135,973	146,912	92.55%	83.83%
2024	0.000033870	126,695	166,895	75.91%	85.54%

Data reported is measured as of June 30 for each respective year.

City of Moyie Springs, Idaho
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b - a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2015	$ 7,799	$ 7,787	$ (12)	$ 68,894	11.30%
2016	9,592	9,763	171	84,733	11.52%
2017	8,994	9,042	48	79,448	11.38%
2018	9,524	9,634	110	84,135	11.45%
2019	9,781	9,915	134	86,409	11.47%
2020	11,681	11,681	-	97,831	11.94%
2021	12,475	12,471	(4)	104,478	11.94%
2022	13,477	13,477	-	112,871	11.94%
2023	18,734	18,720	(14)	159,606	11.73%
2024	18,815	19,116	301	168,296	11.36%

Data reported is measured as of September 30 for each respective year.

City of Moyie Springs, Idaho
Notes to PERSI Base Plan Schedules
September 30, 2024

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2024.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2024.

3. Changes in Assumptions

There were no changes in the actuarial assumptions during the Plan year ended June 30, 2024.

Compliance Report

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*

Honorable Mayor and
Members of the City Council
City of Moyie Springs, 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, each major fund, and the aggregate remaining fund information of City of Moyie Springs, Idaho ("the City"), 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, and have issued our report thereon dated October 3, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2024-001 and 2024-002, that we consider to be a significant deficiencies.

Compliance and Other Matters

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

City's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. *Government Auditing Standards* require the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The sole purpose of this report is 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.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

October 3, 2025

City of Moyie Springs, Idaho
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of the Treasury			
Passed Through Idaho Department of Environmental Quality:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	WW2004	$ 3,131,349
Total U.S. Department of the Treasury			3,131,349
U.S. Department of Housing and Urban Development			
Passed Through Idaho Department of Commerce:			
Community Development Block Grant	14.228	WW2004	96,322
Total U.S. Department of Housing and Urban Development			96,322
Total Federal Financial Assistance			$ 3,227,671

City of Moyie Springs, Idaho
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the City of Moyie Springs, Idaho and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. Federal De Minimis Indirect Rate

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

3. Program Costs and Matching Contributions

The amounts shown as current year additions to the Sewer Fund's construction in progress represent only the Federal grant portion of program costs. Entire program costs, including the City's local matching share, if any, may be more than shown. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Honorable Mayor and
Members of the City Council
City of Moyie Springs, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Moyie Springs, Idaho's ("the City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the year ended September 30, 2024. The City's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2024-003 that we consider to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of This Report

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

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

October 3, 2025

City of Moyie Springs, Idaho
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:		Unmodified
Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Type of report the auditor issued on compliance for major programs?		Unmodified
Internal control over major programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a):	☐ Yes	☒ No

Identification of Major Programs:

Assistance Listing Number	Name of Federal Program
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish type A and B programs:		$750,000.
Auditee qualified as a low-risk auditee?	☐ Yes	☒ No

City of Moyie Springs, Idaho
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

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 control over financial reporting.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete 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's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, we recommend that officials be aware that the condition does exist.
Management's Response	Management and the City Council are aware of this condition and have made a conscious decision to accept the resulting degree of risk because of cost or other considerations.

City of Moyie Springs, Idaho
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section II – Financial Statement Findings

Finding 2024-002

Condition	The City, for the most part, maintains its fund accounting records on the cash basis of accounting, which is consistent with the basis of accounting used in the City's budgetary process. Because accounting principles generally accepted in the United States of America require that the City's financial statements be prepared and reported on either the accrual or modified accrual basis of accounting, it is necessary for the City to have procedures in place to identify the entries that are necessary to convert the City's cash basis records to either the accrual or modified accrual basis of accounting. Although the City has made significant improvements related to identifying and calculating these entries, there continues to be room for improvement.
Criteria	Accounting principles generally accepted in the United States of America require that the City's financial statements be prepared and reported on either the accrual or modified accrual basis of accounting, depending on the nature of the reporting fund.
Effect	In connection with performing our audit testing, we proposed a number of audit adjustments to correct account balances. These adjustments primarily related to converting the City's cash basis accounting records to the accrual and modified accrual bases of accounting. Clarified Statement on Auditing Standards Section 265, *Communicating Internal Control Related Matters Identified in an Audit* (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control over financial reporting should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control over financial reporting.
Cause	The City does not have formalized and documented procedures for identifying and calculating the entries that are required to convert the City's cash basis records to the accrual and modified accrual bases of accounting.
Recommendation	We recommend that year-end procedures related to converting the City's cash basis accounting records to the accrual and modified accrual bases of accounting continue to be further developed, and that training over the required procedures be provided to City personnel. By documenting the procedures and training the City's personnel over the steps required to convert accounting records from the cash to the accrual and modified accrual bases of accounting, the need for audit adjustments should be reduced significantly or eliminated altogether.
Management's Response	The City continues to implement a system that includes the ability to track adjusting entries that result from the audit, which is used to direct the City's training to those areas needed to improve the City's ability to convert from the cash basis to the accrual and modified accrual bases of accounting for financial statement purposes.

City of Moyie Springs, Idaho
Schedule of Findings and Questioned Costs
Year Ended 30, 2024

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings (significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs) related to Federal awards that are required to be reported in accordance with the Uniform Guidance.

Finding 2024-003

Condition	The City does not have fully formalized or documented procedures related to the accurate recording, reconciling or oversight of grant programs. In connection with performing our audit testing, we noted that procedures had not been adequately performed to properly reconcile grant revenues, expenditures and the related receivables and liabilities, as applicable, which resulted in material misstatements.
Criteria	Costs charged to Federal programs are to be supported by adequate documentation in accordance with guidelines established in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Furthermore, governmental accounting standards require that revenue for expenditure-driven grant programs be recognized when the City meets the eligibility requirements of the grant and the resources are considered to be available. When grant funds are received in advance, if any, unearned revenue (a liability) should be recorded until the costs have been incurred, eligibility requirements are met, or unexpended funds are returned to the granting agency.
Effect	While no instances of noncompliance were noted in connection with performing our audit testing, adjustments were required in order to properly record grant expenditures and related revenue. Without adequate procedures in place, grant expenditures and revenue may not be properly identified, which could result in noncompliance with the grant requirements or Uniform Guidance.
Cause	The City does not have fully formalized, documented procedures for tracking and recording activity related to grants. In addition, there are limited, if any, oversight procedures in place to catch errors in the accounting for grants or in applicable compliance requirements.
Questioned Costs	No known questioned costs were identified during the course of the audit.
Recommendation	We recommend that the City continue to develop and implement policies and procedures to identify and track grants. These procedures should include maintaining a schedule of all grants, detailing the source of funding, expenditures incurred and revenues earned on a grant-to-date basis and a year-to-date basis. These procedures should also include documented communications between those administering the grants and those responsible for the financial records. In addition, we recommend that the City appoint an individual with the responsibility of providing compliance oversight. The individual can either be an existing employee or an external contractor who possesses sufficient skill, knowledge or experience in understanding Uniform Guidance requirements.

Management's Response	The City will continue to develop and implement documented procedures for recording and communicating information regarding grants. Oversight and any necessary training will be made available on an as-needed basis, in an effort to eliminate audit adjustments and ensure compliance with grant requirements.

City of Moyie Springs, Idaho
Status of Prior Year Findings
Year Ended September 30, 2024

Finding 2023-001

Condition: The size of the City's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-001.

Finding 2023-002

Condition: Due in part to the City's size and limited resources, interim and year-end closing procedures are not fully formalized and documented for certain accounts.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-002.