City of Mullan, Idaho

Financial Report
September 30, 2024

City of Mullan, Idaho
Table of Contents
September 30, 2024

Page

Independent Auditor's Report 1-3

Basic Financial Statements:

Statement of Net Position – City-Wide 4

Statement of Activities – City-Wide.....5

Balance Sheet – Governmental Funds.....6

Reconciliation of the Balance Sheet – Governmental Funds with the Statement of Net Position – City-Wide 7

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds.....8

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds with the Statement of Activities – City-Wide.....9

Statement of Net Position – Proprietary Fund.....10

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund.....11

Statement of Cash Flows – Proprietary Fund.....12

Notes to Financial Statements 13-32

Required Supplementary Information:

Budgetary Comparison Schedule for the General Fund.....33

Budgetary Comparison Schedule for the Street Fund 34

Notes to Budgetary Comparison Schedules.....35

Schedule of Employer's Share of the Net Pension Liability (Asset) – PERSI Base Plan.....36

Schedule of Employer Contributions – PERSI Base Plan.....37

Notes to PERSI Base Plan Schedules.....38

City of Mullan, Idaho
Table of Contents
September 30, 2024

Page

Compliance Reports:

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* 39-40

Schedule of Findings and Responses 41-42

Status of Prior Year Findings.....43

DeCoria & Company PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Mullan, Idaho

Report on 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 Mullan, 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 Mullan, 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.

Management's Responsibility 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 33 and 34 and the schedules of employer's share of the net pension liability and employer contributions on pages 36 and 37, 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.

Management has not presented 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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated September 30, 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 Mullan's financial statements as of and for the year ended September 30, 2023 were audited by other auditors whose report, dated July 3, 2024, expressed an unmodified opinion on those financial statements.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

September 30, 2025

Basic Financial Statements

City of Mullan, 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)	$ 713,173	$ 76,550	$ 789,723
Restricted cash and cash equivalents (Notes 6 and 9)	175,246	-	175,246
Receivables (Note 7)	264,275	24,115	288,390
Total current assets	1,152,694	100,665	1,253,359
Noncurrent assets:			
Capital assets, net (Note 8)	3,056,738	2,962,748	6,019,486
Total assets	4,209,432	3,063,413	7,272,845
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to the net pension liability (Note 14)	27,125	-	27,125
Total deferred outflows of resources	27,125	-	27,125
LIABILITIES			
Current liabilities:			
Accounts payable	8,734	-	8,734
Accrued liabilities	4,422	591	5,013
Accrued interest	568	4,138	4,706
Unearned property taxes	195,685	-	195,685
Unearned grant revenue	60,924	4,783	65,707
Accrued compensated absences, due within one year (Note 13)	6,400	-	6,400
Financed lease liability, due within one year (Note 13)	15,979	-	15,979
Bonds payable, due within one year (Note 13)	-	24,442	24,442
Total current liabilities	292,712	33,954	326,666
Noncurrent liabilities:			
Accrued compensated absences, due after one year (Note 13)	751	-	751
Financed lease liability, due after one year (Note 13)	35,373	-	35,373
Bonds payable, due after one year (Note 13)	-	1,144,204	1,144,204
Net pension liability (Note 14)	112,549	-	112,549
Total noncurrent liabilities	148,673	1,144,204	1,292,877
Total liabilities	441,385	1,178,158	1,619,543
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to the net pension liability (Note 14)	5,134	-	5,134
Total deferred inflows of resources	5,134	-	5,134
Commitments and contingencies (Note 15)			
NET POSITION			
Net investment in capital assets	3,005,386	1,794,102	4,799,488
Restricted for parks and cemetery improvements	28,951	-	28,951
Restricted for maintenance of streets	1,379	-	1,379
Unrestricted	754,322	91,153	845,475
Total net position	$ 3,790,038	$ 1,885,255	$ 5,675,293

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

City of Mullan, 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:						
Payroll	$ 276,976	$ -	$ 12,500	$ (264,476)		$ (264,476)
General and administrative	157,316	3,371	121,130	(32,815)		(32,815)
Maintenance and operations	34,955	-	-	(34,955)		(34,955)
Fire protection	24,561	-	-	(24,561)		(24,561)
Law enforcement	13,808	-	-	(13,808)		(13,808)
Library	6,745	-	-	(6,745)		(6,745)
Parks and cemetery	4,678	5,671	-	993		993
Interest	48,759	-	-	(48,759)		(48,759)
Capital outlays	-	-	-	-		-
Depreciation	225,989	-	-	(225,989)		(225,989)
Total governmental activities	793,787	9,042	133,630	(651,115)		(651,115)
Business-type activities:						
Sewer services	118,000	68,402	30,525		$ (19,073)	(19,073)
Total business-type activities	118,000	68,402	30,525		(19,073)	(19,073)
Total City-Wide	$ 911,787	$ 77,444	$ 164,155	(651,115)	(19,073)	(670,188)
	General revenue:					
	Property taxes			207,353	-	207,353
	Intergovernmental revenue			176,525	-	176,525
	Interest income			33,837	-	33,837
	Other income			44,504	8,497	53,001
	Donations			29,700	-	29,700
			Total general revenues	491,919	8,497	500,416
			Change in net position	(159,196)	(10,576)	(169,772)
			Total net position, beginning of year	3,949,234	1,895,831	5,845,065
			Total net position, end of year	$ 3,790,038	$ 1,885,255	$ 5,675,293

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

	General Fund	Street Fund	Total Governmental Funds
ASSETS			
Assets:			
Cash and cash equivalents	$ 711,629	$ 1,544	$ 713,173
Restricted cash and cash equivalents	173,867	1,379	175,246
Receivables	161,855	102,420	264,275
Total assets	$ 1,047,351	$ 105,343	$ 1,152,694
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 2,344	$ 6,390	$ 8,734
Accrued liabilities	1,564	2,858	4,422
Unearned property taxes (Note 4)	107,627	88,058	195,685
Unearned grant revenue	60,924	-	60,924
Total liabilities	172,459	97,306	269,765
Deferred inflows of resources:			
Deferred property taxes	23,969	4,923	28,892
Total deferred inflows of resources	23,969	4,923	28,892
Fund balance (Note 14):			
Committed for:			
Emergency reserves	120,119	-	120,119
Maintenance of streets	-	1,735	1,735
Restricted for:			
Parks and cemetery improvements	28,951	-	28,951
Maintenance of streets	-	1,379	1,379
Unassigned	701,853	-	701,853
Total fund balance	850,923	3,114	854,037
Total liabilities, deferred inflows of resources and fund balance	$ 1,047,351	$ 105,343	$ 1,152,694

City of Mullan, 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		$ 854,037
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
The cost of capital assets is	$ 5,677,594	
Accumulated depreciation is	(2,620,856)	
		3,056,738
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.		28,892
Noncurrent liabilities, including compensated absences, capital lease obligations and the net pension liability, are not due and payable in the current period and therefore are not reported in the governmental funds:		
Accrued interest	(568)	
Accrued compensated absences, due within one year	(6,400)	
Finance lease liability, due within one year	(15,979)	
Accrued compensated absences, due after one year	(751)	
Finance lease liability, due after one year	(35,373)	
Net pension liability	(112,549)	
		(171,620)
Deferred outflows and deferred inflows of resources pertaining to the net pension liabilities are not financial resources and therefore are not reported in the governmental funds:		
Deferred outflows related to the net pension liability	27,125	
Deferred inflows related to the net pension liability	(5,134)	
		21,991
Total net position - City-Wide		$ 3,790,038

City of Mullan, 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:			
Taxes, primarily property	$ 105,952	$ 84,243	$ 190,195
Intergovernmental revenue	107,412	69,113	176,525
City fees and permits	9,042	9,386	18,428
Grant revenue	133,630	-	133,630
Donations	28,100	1,600	29,700
Interest income	33,837	-	33,837
Other income	31,368	3,750	35,118
Total revenues	449,341	168,092	617,433
Expenditures:			
Payroll	139,081	123,620	262,701
General and administrative	172,407	-	172,407
Maintenance and operations	17,797	61,256	79,053
Fire protection	24,561	-	24,561
Law enforcement	13,808	-	13,808
Library	6,745	-	6,745
Parks and cemetery	4,678	-	4,678
Principal and interest	-	48,759	48,759
Capital outlays	-	4,402	4,402
Total expenditures	379,077	238,037	617,114
Excess (deficiency) of revenues over (under) expenditures	70,264	(69,945)	319
OTHER FINANCING SOURCES (USES)			
Transfers from (to) other funds	(60,000)	60,000	-
Total other financing sources (uses), net	(60,000)	60,000	-
Net change in fund balance	10,264	(9,945)	319
Total fund balance, beginning of year	840,659	13,059	853,718
Total fund balance, end of year	$ 850,923	$ 3,114	$ 854,037

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

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

Amounts reported for governmental activities in the Statement of Activities - City-Wide are different because:		
Net changes in fund balance - Governmental Funds		$ 319
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.		17,158
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. Amounts recognized for these items in the current year are as follows:		
Capital outlays	$ 19,493	
Depreciation	(225,989)	
		(206,496)
In the Statement of Activities - City-Wide, compensated absences (e.g., accrued vacation and compensated leave) are measured by the amount earned 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, compensated absences paid exceeded compensated absences earned.		805
In the Statement of Activities - City-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 resources used (i.e., the amount of contributions actually paid). The difference between contributions paid and the changes in the City's proportionate share of the net pension liability and the related deferred outflows and deferred inflows of resources is an adjustment.		(15,080)
Payments made on finance lease liabilities are considered expenditures in the governmental funds, however, these payments decrease liabilities in the Statement of Net Position - City-Wide.		
Repayment of capital lease principal	43,085	
Change in accrued interest	1,013	
		44,098
Changes in net position - City-Wide		$ (159,196)

City of Mullan, Idaho
Statement of Net Position - Proprietary Fund
September 30, 2024

		Sewer Fund
ASSETS		
Current assets:		
Cash and cash equivalents		$ 76,550
Receivables (Note 7)		24,115
	Total current assets	100,665
Noncurrent assets:		
Capital assets, net (Note 8)		2,962,748
	Total assets	3,063,413
LIABILITIES		
Current liabilities:		
Accrued liabilities		591
Accrued interest		4,138
Unearned revenue		4,783
Bonds payable, due within one year (Note 13)		24,442
	Total current liabilities	33,954
Noncurrent liabilities:		
Bonds payable, due after one year (Note 13)		1,144,204
	Total liabilities	1,178,158
NET POSITION		
Net investment in capital assets		1,794,102
Unrestricted		91,153
	Total net position	$ 1,885,255

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

City of Mullan, Idaho
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
Year Ended September 30, 2024

	Sewer Fund
Operating revenues:	
Service fees	$ 68,402
Total operating revenues	68,402
Operating expenses:	
Payroll expenses	27,359
Other operating expenses	7,115
Depreciation expense	67,211
Total operating expenses	101,685
Operating loss	(33,283)
Nonoperating revenues (expenses):	
Interest income	8,497
Gain on disposal of asset	30,525
Interest expense	(16,315)
Total nonoperating revenues (expenses), net	22,707
Change in net position	(10,576)
Total net position, beginning of year	1,895,831
Total net position, end of year	$ 1,885,255

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

City of Mullan, Idaho
Statement of Cash Flows - Proprietary Fund
Year Ended Year Ended Year Ended Year Ended September 30, 2024

	Sewer Fund
Cash flows from operating activities:	
Cash received from user charges	$ 63,935
Cash received from other operating income	-
Cash paid to or on behalf of employees for services	(27,101)
Cash paid for supplies and maintenance	(7,246)
Net cash provided by operating activities	29,588
Cash flows from capital related financing activities:	
Principal payments on sewer revenue bond	(24,111)
Interest payments on sewer revenue bond	(16,400)
Net cash used by capital financing activities	(40,511)
Cash flows from investing activities:	
Interest income	8,497
Cash received form disposal of asset	30,525
Net cash provided by investing activities	39,022
Net change in cash and cash equivalents	28,099
Cash and cash equivalents, beginning of year	48,451
Cash and cash equivalents, end of year	$ 76,550
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (33,283)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	67,211
Changes in assets and liabilities:	
Receivables	(4,453)
Accounts payable	(131)
Accrued liabilities	258
Unearned revenue	(14)
Net cash provided by operating activities	$ 29,588
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	$ 16,400

1. Organization

The City of Mullan, Idaho ("the City") operates under a Mayor-Council form of government and provides the following services authorized by its charter: public safety, streets, sidewalks, sanitation, culture and recreation, planning and zoning, 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 fund:

Sewer Fund: The Sewer Fund of the City is 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 Sewer Fund is used to account for the sewer department, which provides sewer services to individuals and businesses within the City. Operating revenues are comprised of service fees.

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, the budget was amended to reflect revised grant revenue and expenditure estimates in the General and Street Funds. The amendment was properly approved by the City Council.

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

Cash received by the City is pooled for investment purposes. Interest earned on the balances in the pooled accounts is allocated to the participating funds in proportion to the average daily balances in each fund. The City considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

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, sewer services and others. 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.

Property Taxes

In accordance with Idaho State Law, an ad valorem property tax is levied in October for each calendar year. 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. Shoshone 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.

5. Summary of Significant Accounting Policies, Continued

Property Taxes, (Continued)

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 funds 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 Fund, depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

Category	Years
Buildings	50
Equipment	5 to 25
Vehicles	4 to 25
Streets	25
Sewer system	50

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, that 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, there were no assets or liabilities of the City that were measured at fair value on a recurring basis.

5. Summary of Significant Accounting Policies, Continued

Fair Value Measurements (Continued)

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 funds 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. The City records a liability for accrued unused vacation and compensated leave for all eligible employees.

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 the proprietary fund, 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.

Unearned Revenue

Certain of the City's 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.

5. Summary of Significant Accounting Policies, Continued

Leases

The City is a lessee in a noncancelable financing lease. In accordance with the provisions of GASB Statement No. 87, *Leases*, if a contract provides the City the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term, adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The ROU asset for a finance lease is amortized on a straight-line basis over the lease term or expected useful life of the asset, whichever is shorter. The lease liability is reduced by the principal portion of lease payments.

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.

Grant Revenue

The City 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 required to be classified within one or more of the following three 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; and

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 net position."

Use of Restricted Resources

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the City to use restricted resources first.

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 properly reported within one or more of the following fund balance classifications (Note 14):

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

Restricted: The portion of fund balance that can be used 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 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 funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at fiscal year-end are reported as committed fund balance since they do not constitute expenditures or liabilities. An appropriation equal to the outstanding year-end encumbrance is made in the succeeding year. Unspent appropriations lapse at year-end.

The City's encumbrance policy is for fiscal year-end individual encumbrances exceeding $50,000 to be considered significant encumbrances. All significant encumbrances outstanding at year-end are reported either as committed fund balance or assigned fund balance in the General Fund, or as restricted fund balance in other funds, if any. At September 30, 2024, there were no significant encumbrances.

5. Summary of Significant Accounting Policies, Continued

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 September 30, 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 and restricted cash and cash equivalents consist of deposits held in checking 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 per bank.

The combined carrying amount of cash and cash equivalents cash and restricted cash and cash equivalents on the City's books at September 30, 2024 was $964,969, and bank balances totaled $1,074,249. The differences between the carrying amount of cash and cash equivalents on the City's books and the bank 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	$ 1,074,249
Portion insured by FDIC	(500,000)
Uninsured bank balances	$ 574,249

7. Receivables

Receivables at September 30, 2024 are summarized as follows:

Governmental activities:

Unearned property taxes	$ 195,685
Current property taxes	2,895
Delinquent property taxes	28,892
Due from other governments	34,889
Other receivables	1,914
	$ 264,275

Business-type activities:

Accounts receivable	$ 24,115

7. Receivables, Continued

Taxes Receivable

Property taxes receivable consist of property taxes received in the first 30 days after the end of the City's fiscal year that relate to taxes levied prior to and for the 2024 fiscal year.

Delinquent property taxes receivable consist of property taxes levied prior to and for the 2024 fiscal year, but not collected as of September 30, 2024, or within 30 days after September 30, 2024. These amounts have been offset by deferred inflows of resources in the governmental funds financial statements.

Due from Other Governments

During October 2024, the City received payments from the State of Idaho for Revenue Sharing and State Liquor Fund taxes which were collected by the State of Idaho in September 2024. At September 30, 2024, the General Fund had a receivable for these taxes totaling $26,752. At September 30, 2024, the Street Fund had receivables for highway user fees totaling $8,137.

Accounts Receivable

The Sewer Fund had $24,115 of accounts receivable due from citizens and businesses in the community for 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 does not expect any accounts on the City's records at September 30, 2024 to be uncollectible, no allowance for doubtful accounts has been recorded at 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	$ 836,395	$ --	$ --	$ --	$ 836,395
Equipment	223,549	19,493	14,996	--	258,038
Vehicles	718,671	--	--	--	718,671
Streets	3,864,490	--	--	--	3,864,490
Capital assets in service	5,643,105	19,493	14,996	--	5,677,594
Accumulated depreciation	(2,394,867)	(225,989)	--	--	(2,620,856)
	3,248,238	(206,496)	14,996	--	3,056,738
Construction in progress	14,996	--	(14,996)	--	--
Net capital assets	$ 3,263,234	$ (206,496)	$ --	$ --	$ 3,056,738

Capital assets used by governmental activities include equipment acquired through finance purchase agreements with a cost of $266,644 and accumulated amortization of $97,401 at September 30, 2024 (Note 13).

8. Capital Assets, Continued

Business-type activities:

	Balance September 30, 2023	Additions	Transfers	Disposals	Balance September 30, 2024
Sewer system	$ 3,404,552	$ --	$ --	$ --	$ 3,404,552
Equipment	10,933	--	--	--	10,933
Capital assets in service	3,415,485	--	--	--	3,415,485
Accumulated depreciation	(385,526)	(67,211)	--	--	(452,737)
Net capital assets	$ 3,029,959	$ (67,211)	$ --	$ --	$ 2,962,748

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.

9. Restricted Assets

Certain proceeds and resources are set aside and classified as restricted assets on the Statement of Net Position because their use is limited by external parties. The City occasionally receives donations and grants that are restricted for specific purposes. Proceeds and resources that have been received but have not yet been disbursed for qualifying purchases as of September 30, 2024 are reported as restricted cash and cash equivalents. Donations that are restricted for specific purposes are recorded as restricted net position, and grant proceeds that have been received in advance but not earned are recorded as unearned revenue.

10. 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. There were no interfund receivables or payables at September 30, 2024.

11. Interfund Transfers

Interfund transfers for the year ended September 30, 2024 are summarized as follows:

Transfer From	Transfer To	Reason	Amount
General Fund	Street Fund	Cover funds shortfall	$ 60,000

12. Short-Term Borrowings

The City had no short-term borrowings at September 30, 2024 and there were no short-term borrowings or repayments for the year then ended.

13. Long-Term Obligations

As of June 30, 2024, the City's long-term obligations, other than the net pension liability discussed in Note 14, consisted of accrued compensated absences, a financed lease liability and bonds payable.

Governmental activities:

Accrued Compensated Absences

No portion of accrued compensated absences was considered to be due and payable as of September 30, 2024. Accordingly, the City has not recorded any amount of accrued compensated absences in the governmental fund financial statements. As virtually none of the City's employees are exclusively assigned to governmental or business-type activities, it is the opinion of the City's management that any liability for accrued compensated absences would be paid by the General Fund. Therefore, the entire liability is included within governmental activities.

Financed Lease Liability

During 2023, the City entered into a lease agreement for the purchase of a John Deere excavator, which is accounted for as a financed purchase agreement, and gives rise to a capital asset (Note 7) and a financed lease liability. The agreement has a five-year term and calls for annual payments of $19,554, including interest at 6.96%. Future minimum lease payments under this lease agreement are as follows:

Year Ending September 30,	
2025	$ 19,554
2026	19,554
2027	19,554
Total future minimum lease payments	58,662
Less amounts representing interest	(7,310)
Present value of net minimum lease payments	51,352
Less amount due within one year	(15,979)
Amount due after one year	$ 35,373

A summary of changes in long-term obligations of the City's governmental activities for the year ended September 30, 2024 is as follows:

	Long-Term Obligations September 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations September 30, 2024	Due Within One Year
Accrued compensated absences	$ 7,956	$ 14,673	$ (15,478)	$ 7,151	$ 6,400
Financed lease liability	94,437	--	(43,085)	51,352	15,979
	$ 102,393	$ 14,673	$ (58,563)	$ 58,503	$ 22,379

13. Long-Term Obligations, Continued

Business-type activities:

Bonds Payable

At an election held in August 2018, the City's voters approved a project plan to acquire, construct and install certain improvements to the City's sewer treatment facilities ("the Project"), including the issuance of a sewer revenue bond in a principal amount not to exceed $3,500,000 to finance the Project. The United States Department of Agriculture, Rural Utilities Service committed to a loan in an amount not to exceed $1,240,000, to be secured by the Bond, and a grant in the amount of $423,000, under the terms and conditions of a Letter of Conditions dated October 31, 2019. During June 2020, the City obtained interim financing through Washington Trust Bank by issuing a bond anticipation note in the amount of $1,190,000.

During 2021, the City issued a sewer revenue bond in the principal amount of $1,240,000, a portion of which was used to pay the balance of the interim financing obtained through Washington Trust Bank. The bond calls for annual payments of $40,511, including interest at 1.375% per annum, over a 40-year period. The City's revenue from its sewer system is pledged as security for payment of the bond.

Payments on the bond are due as follows:

Year ending September 30,	Principal	Interest	Total
2025	$ 24,442	$ 16,069	$ 40,511
2026	24,778	15,733	40,511
2027	25,119	15,392	40,511
2028	25,464	15,047	40,511
2029	25,814	14,697	40,511
2030-2034	134,495	68,060	202,555
2035-2039	143,999	58,556	202,555
2040-2044	154,175	48,380	202,555
2045-2049	165,070	37,485	202,555
2050-2054	176,735	25,820	202,555
2055-2059	189,225	13,330	202,555
2060-2061	79,330	1,639	80,969
Total	$ 1,168,646	$ 330,208	$ 1,498,854

The bond is held by the U.S. Department of Agriculture Rural Development. In accordance with the underlying borrowing agreement, the City is required to establish and maintain a Debt Service Reserve Account to provide additional security for the payment of the principal and interest on the bond. The funds in this reserve account may be held in cash or deposited in institutions permitted by law, or may be invested in any legal investment permitted for City funds. As of September 30, 2024, the City had not yet established a reserve fund, but did so during 2025.

13. Long-Term Obligations, Continued

Bonds Payable, Continued

A summary of changes in long-term obligations of the business-type activities for the year ended September 30, 2024 is as follows:

	Long-Term Obligations September 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations September 30, 2024	Due Within One Year
Bonds payable	$ 1,192,757	$ --	$ (24,111)	$ 1,168,646	$ 24,442

14. 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.

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.

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

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 contributions required and paid were $16,667, $16,452 and $15,031 for the years ended September 30, 2024, 2023 and 2022.

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 $112,549 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 0.000030088%.

For the year ended September 30, 2024, the City recognized net pension expense (expense/offset) of ($15,080) for governmental and business-type activities.

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	$ 4,748	$ --
Change in proportionate share	--	3,091
Changes in assumptions or other inputs	4,459	--
Differences between expected and actual experience	17,918	--
Net difference between projected and actual earnings on investments	--	2,043
	$ 27,125	$ 5,134

14. 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

The amount reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date, totaling $4,748, will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. 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	$ 4,884
2026	19,985
2027	(4,624)
2028	(3,002)
	$ 17,243

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.

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%

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

Actuarial Assumptions, Continued

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.

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, 2024:

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%

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

Actuarial Assumptions, Continued

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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability

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	$ 213,878	$ 112,549	$ 29,789

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.

15. 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, the City had $120,119 and 1,735 of fund balance reported as committed for emergency reserves and maintenance of streets, respectively.

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 city-wide 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 as follows:

Parks and Cemetery Improvements: The amount is restricted for parks and cemetery improvement expenditures, in accordance with the terms and conditions of donated funds.

Maintenance of Streets: The amount is restricted for city street maintenance and improvement expenditures, as stipulated by the external resource provider, or through enabling legislation.

16. Commitments and Contingencies

Risk Pool

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 the ICRMP management. As claims arise, they are submitted to and paid by the 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.

Litigation

The City's management is not aware of any pending claims against the City as of September 30, 2024. The City has no reserve established for the payment of uninsured claims. Expenditures are recognized when amounts are paid.

16. Commitments and Contingencies, Continued

Intergovernmental Grants

The City receives financial assistance from local, state and federal governmental agencies in the form of grants, which 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. Therefore, if 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 September 30, 2024 may be impaired. Based on prior experience, the City's administration believes such amounts, if any, would be immaterial.

Required Supplementary Information

City of Mullan, 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:					
Taxes, primarily property	$ 113,245	$ 113,245	$ 105,952	$ -	$ (7,293)
Intergovernmental revenue	110,415	110,415	107,412	-	(3,003)
City fees and permits	5,825	5,825	9,042	-	3,217
Grant revenue	145,940	180,440	133,630	34,500	(46,810)
Donations	15,500	15,500	28,100	-	12,600
Interest income	32,200	32,200	33,837	-	1,637
Other income	12,876	27,996	31,368	15,120	3,372
Total revenues	436,001	485,621	449,341	49,620	(36,280)
Expenditures:					
Payroll	130,800	128,800	139,081	2,000	(10,281)
General and administrative	149,051	183,551	172,407	(34,500)	11,144
Maintenance and operations	17,941	17,941	17,797	-	144
Fire protection	14,150	29,270	24,561	(15,120)	4,709
Law enforcement	13,950	13,950	13,808	-	142
Library	6,000	6,000	6,745	-	(745)
Parks and cemetery	3,000	3,000	4,678	-	(1,678)
Total expenditures	334,892	382,512	379,077	(47,620)	3,435
Excess (deficiency) of revenues over (under) expenditures	101,109	103,109	70,264	2,000	(32,845)
Other financing sources (uses):					
Transfers from (to) other funds	103,109	103,109	(60,000)	-	(163,109)
Total other financing sources (uses), net	103,109	103,109	(60,000)	-	(163,109)
Net changes in fund balance	204,218	206,218	10,264	2,000	(195,954)
Total fund balance, beginning of year	840,659	840,659	840,659	-	-
Total fund balance, end of year	$ 1,044,877	$ 1,046,877	$ 850,923	$ 2,000	$ (195,954)

City of Mullan, 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:					
Taxes, primarily property	$ 85,660	$ 85,660	$ 84,243	$ -	$ (1,417)
Intergovernmental revenue	53,936	53,936	69,113	-	15,177
City fees and permits	6,200	6,200	9,386	-	3,186
Donations	2,000	2,000	1,600	-	(400)
Other income	-	-	3,750	-	3,750
Total revenues	147,796	147,796	168,092	-	20,296
Expenditures:					
Payroll	120,000	120,000	123,620	-	(3,620)
Maintenance and operations	73,200	73,200	61,256	-	11,944
Principal and interest	29,205	29,205	48,759	-	(19,554)
Capital outlays	28,500	28,500	4,402	-	24,098
Total expenditures	250,905	250,905	238,037	-	12,868
Excess (deficiency) of revenues over (under) expenditures	(103,109)	(103,109)	(69,945)	-	33,164
Other financing sources (uses):					
Transfers from (to) other funds	-	-	60,000	-	60,000
Total other financing sources (uses), net	-	-	60,000	-	60,000
Net changes in budgetary fund balance	(103,109)	(103,109)	(9,945)	-	93,164
Reconciliation to GAAP:					
Total fund balance, beginning of year	13,059	13,059	13,059	-	-
Total fund balance, end of year	$ (90,050)	$ (90,050)	$ 3,114	$ -	$ 93,164

City of Mullan, 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 funds financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, the budgetary comparison schedules have been prepared in conformity with the presentation used in the preparation of the governmental funds financial statements. This presentation differs from the account groupings required by Idaho Statutes for City Council's budgetary control at the fund and/or department level. As a result, the budgetary comparison schedules at pages 33 and 34 disclose five instances in which actual expenditures exceeded budgeted expenditures. In fact, there were no instances in which actual expenditures exceeded budgeted expenditures at the fund and/or department levels required by Idaho Statutes.

City of Mullan, 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 NPL (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	0.000026568	$ 34,986	$ 74,416	47.01%	91.38%
2016	0.000026710	54,145	78,327	69.13%	87.26%
2017	0.000024907	39,150	77,660	50.41%	90.68%
2018	0.000031461	46,406	101,221	45.85%	91.69%
2019	0.000030014	34,260	102,190	33.53%	93.79%
2020	0.000030508	70,844	108,848	65.09%	88.22%
2021	0.000031931	(2,522)	119,164	-2.12%	100.36%
2022	0.000031717	124,927	124,672	100.20%	83.09%
2023	0.000031882	127,232	135,561	93.86%	83.83%
2024	0.000030088	112,549	144,419	77.93%	85.54%

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

City of Mullan, 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	$ 8,512	$ 8,512	$ -	$ 75,198	11.32%
2016	8,562	8,529	(33)	75,633	11.28%
2017	9,428	9,443	15	83,290	11.34%
2018	11,546	11,502	(44)	101,994	11.28%
2019	11,814	11,814	-	103,232	11.44%
2020	13,083	13,083	-	109,570	11.94%
2021	15,040	15,040	-	125,962	11.94%
2022	15,031	15,031	-	125,891	11.94%
2023	16,452	16,452	-	139,862	11.76%
2024	16,673	16,667	(6)	146,644	11.37%

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

City of Mullan, 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 actuarial assumption during the Plan year ended June 30, 2024.

Compliance Reports

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*

The Honorable Mayor and
Members of the City Council
City of Mullan, 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 the City of Mullan, 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 September 30, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2024-001 and 2024-002, that we consider to be significant deficiencies.

Report on 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*.

The City's Responses to the Findings

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 accompanying Schedule of Findings and Responses. The City's responses were not subjected to the other 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

September 30, 2025

City of Mullan, Idaho
Schedule of Findings and Responses
Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

The independent auditor's report expressed unmodified opinions on the basic financial statements of the City of Mullan, Idaho.

The audit of the financial statements of the City of Mullan, Idaho disclosed two significant deficiencies in internal control over financial reporting.

The significant deficiencies in internal control over financial reporting were not considered to be a material weakness.

The audit disclosed no compliance findings material to the financial statements of the City of Mullan, Idaho.

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 an adequate 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 an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The City's staff is too small to allow an adequate segregation of duties.
Recommendation	Although 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, we recommend that officials be aware that the condition does exist.
Management's Response	Management and the City's Council are aware of this condition. Management believes that the City has minimized the risk to the degree possible, given the size of the City, the limited number of office staff, and associated costs or other considerations.

City of Mullan, Idaho
Schedule of Findings and Responses
Year Ended September 30, 2024

Finding 2024-002

Condition	Due in part to the organization's size and limited resources, year-end closing procedures are not fully formalized and documented for certain accounts.
Criteria	An effective system of internal control over financial reporting includes periodically reconciling each general ledger account, and adjusting the recorded balances if necessary.
Effect	In connection with performing our audit testing, we proposed two audit adjustments to correct account balances. Clarified Statements 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 should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control.
Cause	The City does not have fully formalized, documented procedures for periodically reviewing and reconciling each general ledger account.
Recommendation	We recommend that year-end closing procedures be further developed, documented and implemented for each general ledger account. The implementation of increased procedures should reduce or eliminate the need for audit adjustments.
Management's Response	The City will continue to improve the documented procedures for reconciling and adjusting balances for each general ledger account in an effort to eliminate audit adjustments.

City of Mullan, 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 organization's size and limited resources, year-end closing procedures are not fully formalized and documented for certain accounts.

Status: Although there has been continued improvement in the client's recordkeeping, this condition continues to exist at September 30, 2024. See Finding 2024-002.