The City of Oldtown, Idaho

Financial Statements
SEPTEMBER 30, 2024

City of Oldtown

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Financial Section

Independent Auditor's Report

HOOVER
Certified Public Accountant | Business Consultant

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Oldtown
Oldtown, ID 83822

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the City of Oldtown, Idaho, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Oldtown 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 information on pages 24 and the schedules of employer's share of net pension liability and employer contributions on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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 statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2026, on our consideration of the City of Oldtown's internal control over financial reporting and on our tests of its compliance with certain provisions, 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.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

February 2, 2026

Financial Section

Basic Financial Statements

City of Oldtown

STATEMENT OF NET POSITION
September 30, 2024

	Primary Government	Component Unit
	Governmental Activities	Oldtown Urban Renewal Agency
ASSETS:		
Cash and cash equivalents	$ 787,096	$ 261
Certificate of deposit	53,774	-
Receivables:		
Property taxes	1,614	-
Due from other governments	61,009	227,000
Interest receivable	268	-
Prepaids	2,652	-
Land	84,143	-
Capital assets, net of accumulated depreciation	598,146	-
Total assets	1,588,702	227,261
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	764	-
Total deferred outflows of resources	764	-
LIABILITIES:		
Accounts payable	37,867	-
Payroll liabilities	73	-
Due to other governments	247,508	-
Noncurrent liabilities:		
Due within one year	-	-
Net pension liability	3,209	-
Total liabilities	288,657	-
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	58	-
Total deferred inflows of resources	58	-
NET POSITION:		
Net investment in capital assets	682,289	-
Restricted - Ward Subdivision Agreement	150,723	
Unrestricted	467,739	227,261
Total net position	$ 1,300,751	$ 227,261

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

City of Oldtown

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Capital Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Oldtown Urban Renewal Agency
Governmental activities:					
General government	$ 191,390	$ 43,732	$ -	$ (147,658)	$ (96,600)
Street and street maintenance	130,910	-	-	(130,910)	-
Parks	25,258	-	10,000	(15,258)	-
Public safety	1,200	-	-	(1,200)	-
Public works	-	-	-	-	-
Total governmental activities	$ 348,758	$ 43,732	$ 10,000	(295,026)	(96,600)
General revenues:					
State liquor revenue				163,771	-
Taxes - Bonner				35,358	82,284
Franchise fees				14,074	-
County road and bridge				8,005	-
State revenue sharing				24,056	-
State highway and user fees				23,538	-
Contributions and other				152,145	-
Interest				16,813	-
Fines				821	-
Total general revenues				438,581	82,284
Change in net position				143,555	(14,316)
Net position - beginning				1,157,196	241,577
Net position - ending				$ 1,300,751	$ 227,261

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

City of Oldtown

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

ASSETS		
Cash and cash equivalents	$	787,096
Certificate of deposit		53,774
Receivables:		
Property taxes		1,614
Due from other governments		61,009
Interest receivable		268
Prepaid expenses		2,652
Total assets	$	906,413
LIABILITIES		
Accounts payable	$	37,867
Payroll liabilities		73
Due to other governments		247,508
Total liabilities		285,448
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue- property taxes		1,614
Total deferred inflows of resources		1,614
FUND BALANCES		
Nonspendable- prepaids		2,652
Restricted - Ward Subdivision Agreement		150,723
Committed		59,261
Unassigned		406,715
Total fund balances		619,351
Total liabilities, deferred inflows of resources, and fund balances	$	906,413

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

City of Oldtown

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

Total fund balances - Governmental Funds, September, 30, 2024		$ 619,351
Cost of capital assets, September 30, 2024	$ 1,589,499	
Less: Accumulated depreciation, September 30, 2024	(907,210)	$ 682,289
Elimination of unavailable revenue- property taxes		1,614
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
City's proportionate share of collective deferred outflows of resources		764
Proportionate share of collective deferred inflows of resources		(58)
City's proportionate share of the net pension liability		(3,209)
Net position, September 30, 2024		$ 1,300,751

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

City of Oldtown

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

REVENUES		
State liquor revenue	$	163,771
Grants		10,000
Property taxes - Bonner County		35,332
Franchise fees		14,074
County road and bridge		8,005
State revenue sharing		24,056
State highway and user fees		23,538
Licenses and permits		43,732
Contributions and other		152,145
Interest		16,813
Fines		821
Total revenues		492,287
EXPENDITURES		
Current:		
General government		189,570
Streets and street maintenance		104,650
Parks		18,393
Public safety		1,200
Capital outlay:		125,438
Total expenditures		439,251
Net change in fund balance		53,036
Fund balance- beginning		566,315
Fund balance- ending	$	619,351

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

City of Oldtown

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

Total net changes in fund balances for the year ended September 30, 2024	$	53,036
Less: Depreciation expense for the year ended September 30, 2024		(34,828)
Add: Capital outlay considered as an expenditure		125,438
Add: Difference between revenue earned on property taxes on modified-accrual basis versus revenue on property taxes on accrual basis		26
Less: Change in net pension liability		(117)
Change in net position for the year ended September 30, 2024	$	143,555

See accompanying "Notes to the Financial Statements" and Independent Auditor's Report

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility.

Under Idaho Code, in November 2009, the City Council passed an ordinance which created the Urban Renewal Agency (the "Agency"), a legally separate entity from the City. The Agency was established to promote urban development in and around the City. A board of five directors, which are appointed by the City Council, governs the Agency. The City Council has the ability to appoint, hire, re-assign, or dismiss those persons having responsibility for the day-to-day operations of the Agency. These powers of the City meet the criteria set forth in GASB No. 14 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit.

The financial statements of the City of Oldtown have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below:

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

C. Basis of Presentation- Fund Financial Statements

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain city functions or activities. The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, if applicable, each displayed in a separate column. Major individual governmental funds and enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation- Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

E. Cash Equivalents and Short-term Investments

In the general fund, cash received by the City is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, etc.), are generally a result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $2,500 and asset useful life of more than one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40 years
Storage yard	10 years
Office and general equipment	5 – 10 years
Street improvements	40 years
Trucks and vehicles	5 – 10 years
Boat launch and park improvements	40 years

G. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions.*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified-accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue- property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation in accordance with GASB 68, *Accounting and Financial Reporting for Pensions.*

I. Net Position Flow Assumption

Net position represents the difference between assets and liabilities. Net investment in capital assets (net of any related debt) consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance Classifications

Fund Balance Reserves – The City has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The City reports the following classifications as applicable:

Non-spendable Fund Balance – Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the City can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Amounts in the committed fund balance classification may be used for other purposes with the appropriate due process by the City Council. Committed fund balances differ from restricted fund balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g., a budget or finance committee) or official to which the City Council have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

L. Property Taxes

The City's property tax is levied each November on the assessed value listed as of the prior September for all property located in the City. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and June.

M. Pensions

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. 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 as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was not amended in the current fiscal year.

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.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

NOTE 3: CASH AND CASH EQUIVALENTS

General:

State statutes authorize the City's investments and deposits. The City is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The carrying amount of the City's deposits was $840,870 and the bank balance was $841,750. As of September 30, 2024, the City's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:

Amounts insured by FDIC	$	303,774
Amounts collateralized		63,176
		366,950

Deposits with exposure to custodial credit risk:

Amounts uninsured		474,800
Total deposits	$	841,750

Cash and investments at September 30, 2024 consist of the following:

Deposits	$	723,694
Certificate of deposit		53,774
Cash on hand		226
Idaho State Investment Pool		63,176
Total	$	840,870

Fair Value:

The City's investments in 2a-7-like pools are valued based upon the value of pool shares. The City invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of U.S. Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

NOTE 3: CASH AND CASH EQUIVALENTS (Concluded)

The balances that the City has in the State Investment Pool are carried at their cost value of $63,176 which approximates their fair value.

The City considers funds held in the State Investment Pool to be cash equivalents, as the City is able to liquidate their accounts at any time.

Credit Risk:

The Idaho State Investment Pool does not have an established credit rating, but invests in entities with a minimum credit rating of "A" as stipulated by Idaho Code. The City does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer's office.

NOTE 4: FUND BALANCE CLASSIFICATIONS

Committed Funds - During the year ended September 30, 2015, the City Council acted to set aside $50,000 (and $9,261 of interest earned up through September 30, 2024) for future street repairs and improvements. Accordingly, this balance is reflected as committed fund balance in the accompanying governmental funds balance sheet.

NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	$ 84,143	$ -	$ -	$ 84,143
Total capital assets, not being depreciated	84,143	-	-	84,143
Capital assets, being depreciated:				
Buildings	186,808	-	-	186,808
Storage yard	1,991	-	-	1,991
Office and general equipment	120,392	-	-	120,392
Street improvements	644,026	125,438	-	769,464
Trucks and vehicles	176,335	-	-	176,335
Boat launch and park improvements	250,366	-	-	250,366
Total capital assets being depreciated	1,379,918	125,438	-	1,505,356
Less accumulated depreciation for:				
Buildings	69,822	4,592	-	74,414
Storage yard	1,991	-	-	1,991
Office and general equipment	120,394	-	-	120,394
Street improvements	392,587	19,493	-	412,080
Trucks and vehicles	166,642	3,877	-	170,519
Boat launch and park improvements	120,946	6,866	-	127,812
Total accumulated depreciation	872,382	34,828	-	907,210
Total capital assets, being depreciated, net	507,536	90,610	-	598,146
Governmental activities capital assets, net	$ 591,679	$ 90,610	$ -	$ 682,289

NOTE 5: CAPITAL ASSETS (Concluded)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	1,703
Street and street maintenance		26,260
Parks		6,865
	$	34,828

NOTE 6: PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

NOTE 6: PENSION PLAN (CONTINUED)

Member and Employer Contributions

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

The contribution rates for employees are set by stature at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City of Oldtown's contributions were $494 for the year ended September 30, 2024.

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

At September 30, 2024, the City of Oldtown reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Oldtown's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.00008578 percent.

For the year ended September 30, 2024, the City recognized pension expense of $11,333. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 511	$ -
Changes in assumptions or other inputs	127	-
Net difference between projected and actual earnings on pension plan investments	-	58
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City's contributions subsequent to the measurement date	126	-
Total	$ 764	$ 58

NOTE 6: PENSION PLAN (CONTINUED)

$126 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net position liability in the year ending September 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2022 the beginning of the measurement period ended June 30, 2023 is 4.6 years and 4.6 years for the measurement period June 30, 2024.

Actuarial Assumptions

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

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

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

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

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

NOTE 6: PENSION PLAN (CONTINUED)

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 capital market assumptions are as of 2024.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.0%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

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

NOTE 6: PENSION PLAN (CONCLUDED)

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability	$ 6,098	$ 3,209	$ 849

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At September 30, 2024, the City had no payables outstanding to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7: RESTRICTED FUND BALANCE AND NET POSITION

During fiscal 2024, the City received a contribution in the amount of $150,000 as a result of entering into the Wards Subdivision Agreement. The Agreement states that the funds are to be used for future road/street improvements as pertain to the Subdivision. As of September 30, 2024, the City had not expended any of the funds. Accordingly, the City has presented the balance (including interest earned) of $150,723 as restricted fund balance and net position on the accompanying balance sheet and statement of net position.

NOTE 8: COMPONENT UNIT DISCLOSURE

As disclosed in Note 1, the Oldtown Urban Renewal Agency meets the criteria for discrete presentation in the City's financial statements as a component unit. The following paragraphs provide relevant disclosures related to the Agency.

Cash and Investments:

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. The carrying amount of the Agency's deposits is $261 and the bank balance is $261. As of September 30, 2024, none of the Agency's bank balance was exposed to custodial credit risk, as the balances did not exceed FDIC insured limits.

Required Supplementary Information

City of Oldtown

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Budgeted* Amounts		Actual Amounts	Variance With Final Budget
REVENUES				
State liquor revenue	$ 125,000		$ 163,771	$ 38,771
Grants	103,000		10,000	(93,000)
Taxes - Bonner County	25,510		35,332	9,822
Franchise fees	11,000		14,074	3,074
County road and bridge	7,000		8,005	1,005
State revenue sharing	14,000		24,056	10,056
State highway and user fees	7,000		23,538	16,538
Licenses and permits	10,270		43,732	33,462
Contribtuions and other	1,000		152,145	151,145
Interest	10,000		16,813	6,813
Fines	1,000		821	(179)
Total revenues	314,780		492,287	177,507
EXPENDITURES				
General government	227,146		189,570	37,576
Streets and street maintenance	215,848		104,650	111,198
Parks	17,586		18,393	(807)
Public safety	1,200		1,200	-
Capital outlay	93,000		125,438	(32,438)
Future capital equipment replacement	25,000	**	-	25,000
Planned use of fund balance	476,000	**	-	476,000
Total expenditures	1,055,780		439,251	115,529
Net change in fund balance	(741,000)		53,036	61,978
Fund balance- beginning	741,000		566,315	(174,685)
Fund balance- ending	$ -		$ 619,351	$ (112,707)

* Budget was not amended

** Functional expenditures totaling $554,780 match the appropriated categories in the budget ordinance. The remaining $501,000 represents planned use of fund balance ($25,000 capital equipment replacement) and ($476,000 general) and are not functional expenditures.

See accompanying "Notes to the Financial Statements" and Independent Auditor's Report

City of Oldtown

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0001%	0.0000%	0.00027%	0.000279%
Employer's proportionate share of the net pension liability	$ 3,209	$ 3,938	$ 3,848	$ (89)	$ 1,486	$ 638	$ 1,215	$ 3,643	$ 5,406	$ 3,667
Employer's covered-employee payroll	$ 4,200	$ 4,200	$ 3,850	$ 4,550	$ 2,975	$ 2,025	$ 1,800	$ 9,600	$ 9,600	$ 9,600
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	76.40%	93.76%	99.95%	-1.96%	49.95%	31.51%	67.50%	37.95%	56.31%	38.20%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

Date reported is measured as of June 30th.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 494	$ 501	$ 460	$ 543	$ 313	$ 203	$ 204	$ 815	$ 883	$ 883
Contributions in relation to the statutorily required contribution	$ (494)	$ (501)	$ (460)	$ (543)	$ (313)	$ (203)	$ (204)	$ (815)	$ (883)	$ (883)
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 4,200	$ 4,200	$ 3,850	$ 4,550	$ 2,975	$ 2,025	$ 1,800	$ 9,600	$ 9,600	$ 9,600
Contributions as a percentage of covered-employee payroll	11.76%	11.93%	11.94%	11.93%	10.52%	10.02%	11.33%	8.49%	9.20%	9.20%

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

Date reported is measured as of September 30th.

Report Required by the GAO

HOOVER
Certified Public Accountant | Business Consultant

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

Independent Auditor's Report

Honorable Mayor and City Council
City of Oldtown
Oldtown, ID 83822

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the City of Oldtown, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Oldtown, Idaho's basic financial statements and have issued our report thereon dated February 2, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Oldtown's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Oldtown'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

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 (CONCLUDED)*

Purpose of this Report

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

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

February 2, 2026