Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

To the Mayor and City Council
City of Paul, ID

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of Paul for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Paul are described in Note 1 to the financial statements. No new standards were adopted during the year and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The only estimate affecting the financial statements was the estimated useful lives of property and equipment.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Paul's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We noted one finding that is described in page 32 of the audited financial statements in the Schedule of Findings and Responses. This finding relates to the City's lack of segregation of accounting duties. This was not determined to be a material weakness, as defined on page 30 of the audited financial statements.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Mayor, City Council, and management of the City of Paul and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull PA

December 20, 2024

CITY OF PAUL, IDAHO

Basic Financial Statements
With Supplemental Information

September 30, 2024

CITY OF PAUL, IDAHO

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
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FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Paul, ID

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Paul, 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 business-type activities, and each major fund of the City as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 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.

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability and of employer contributions as listed in the table of contents 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 comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

We have applied certain limited procedures to the Schedules of Estimated Revenues and Expenditures for the water and sewer funds on pages 33 and 34 in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 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 City's internal control over financial reporting and compliance.

Poulsen VanLeuven & Catmull

Burley, Idaho
December 20, 2024

CITY OF PAUL, IDAHO

Statement of Net Position
September 30, 2024

	Governmental Activities	Business Type Activities	Totals
ASSETS			
Current Assets:			
Cash & Investments	$ 728,392	$ 1,002,741	$ 1,731,133
Receivables (Net of Allowances):			
Taxes	16,752	-	16,752
Accounts	371	70,674	71,045
Due From Other Governments - Note 3	61,562	-	61,562
Due (To)/From Other Funds	-	-	-
Noncurrent assets:			
Restricted Assets:			
Cash - Note 5	-	68,593	68,593
Capital Assets - Note 4:			
Land	238,000	166,962	404,962
Other Capital Assets, Net of Depreciation	658,700	3,369,785	4,028,485
Other Assets	-	-	-
Total assets	1,703,777	4,678,755	6,382,532
DEFERRED OUTFLOWS OF RESOURCES			
Pension obligations	29,388	34,550	63,938
Total Deferred Outflows of Resources	29,388	34,550	63,938
LIABILITIES			
Current liabilities:			
Accounts Payable and Accrued Expenses	23,510	25,471	48,981
Customer Deposits Payable	-	50,935	50,935
Interest Payable	-	2,437	2,437
Current Portion of Long-Term Liabilities	-	143,982	143,982
Noncurrent liabilities:			
Long-Term Liabilities - Note 7:	-	721,945	721,945
Net pension liability	123,822	145,571	269,393
Total liabilities	147,332	1,090,341	1,237,673
DEFERRED INFLOWS OF RESOURCES			
Employer pension assumption	8,631	10,148	18,779
Total Deferred Inflows of Resources	8,631	10,148	18,779
NET POSITION			
Net Investment in Capital Assets	896,700	2,670,820	3,567,520
Restricted for:			
Utility Deposits, Debt Service & Projects	-	68,593	68,593
Unrestricted	680,502	873,403	1,553,905
Total Net Position	$ 1,577,202	$ 3,612,816	$ 5,190,018

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Statement of Activities
For the Year Ended September 30, 2024

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business Type Activities	Net (Expense) Revenue and Changes in Net Position: Totals
Governmental Activities:							
General Government	$ 161,125	$ 7,009	$ -	$ -	$ (154,116)		$ (154,116)
Public Safety	59,050	1,967	-	-	(57,083)		(57,083)
Highway and Streets	271,003	-	-	-	(271,003)		(271,003)
Park and Recreation	115,991	7,750	3,247	-	(104,994)		(104,994)
Irrigation	40,624	43,196	-	-	2,572		2,572
Total Governmental Activities	647,793	59,922	3,247	-	(584,624)		(584,624)
Business-Type Activities:							
Water	295,180	333,638	-	-		$ 38,458	38,458
Sewer	371,611	327,866	-	-		(43,745)	(43,745)
Sanitation	125,288	133,544	-	-		8,256	8,256
Total Business-Type Activities	792,079	795,048	-	-		2,969	2,969
Total Primary Government	$ 1,439,872	$ 854,970	$ 3,247	$ -	(584,624)	2,969	(581,655)
General Revenues							
Property Taxes					299,546	-	299,546
Franchise Fees					60,950	-	60,950
Highway & Road Taxes					160,452	-	160,452
State Revenue Sharing & Liquor Tax					176,245	-	176,245
Grants not Restricted to Specific Programs					-	-	-
Investment Earnings					10,857	53,865	64,722
Miscellaneous					27,008	27,715	54,723
Gain on Sale of Capital Assets					12,500	-	12,500
Transfers					-	-	-
Total General Revenues and Transfers					747,558	81,580	829,138
Change in Net Position					162,934	84,549	247,483
Net Position Beginning of Year					1,414,268	3,528,267	4,942,535
Net Position End of Year					$ 1,577,202	$ 3,612,816	$ 5,190,018

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash and temporary investments	$ 728,392
Receivables:	
Taxes - property	5,106
Taxes - franchise	11,646
Accounts	371
Due from other governments	61,562
Total assets	$ 807,077
LIABILITIES	
Accounts payable	$ 23,510
Accrued liabilities	-
Due to other funds	-
Total liabilities	23,510
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	4,254
Total deferred inflows of resources	4,254
FUND BALANCE	
Fund balance (unassigned)	779,313
Total fund balance	779,313
Total liabilities, deferred inflows of resources, and fund balance	$ 807,077

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Reconciliation of Total Governmental Fund Balances to
the Statement of Net Position
September 30, 2024

Total Governmental Fund Balances		$ 779,313
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		896,700
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes		4,254
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Fund Debt		-
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(123,822)
Balances at September 30, 2024:		
Deferred outflows of resources pension expense	24,620	
Deferred outflow of 2024 employer contributions	4,768	
		29,388
Deferred inflows or resources related to pensions.		(8,631)
Net Position of Governmental Activities		$ 1,577,202

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2024

	General Fund
Revenues:	
Taxes	$ 298,248
Licenses and permits	6,847
Intergovernmental	336,697
Franchise fees	60,950
Fines	1,967
Charges for services	51,108
Grants and donations	3,247
Unrealized gain/(loss) on investments	10,857
Miscellaneous and interest	27,008
Total revenues	796,929
Expenditures:	
General government	155,676
Public Safety	59,050
Highway and Streets	271,003
Park and recreation	115,991
Irrigation	40,624
Capital Outlays	-
Contingency	-
Total expenditures	642,344
Excess (deficiency) of revenues over expenditures	154,585
Other financing sources (uses):	
Transfers in	-
Transfers out	-
Proceeds from the sale of capital assets	12,500
Total other financing sources (uses)	12,500
Net change in fund balance	167,085
Fund balance - beginning	612,228
Fund balance - ending	$ 779,313

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 167,085
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Fixed asset additions	$ 50,215	
Depreciation expense	(39,870)	
Excess (deficit) of capital outlays over depreciation		10,345
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds.		1,298
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Repayment of loan principal		-
In the Governmental Funds, pension contributions are considered an expense, while on the statements of activities the contributions are considered a deferred outflow.		(15,794)
Change in Net Position of Governmental Activities		$ 162,934

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Taxes (property & sales)	$ 282,403	$ 282,403	$ 298,248	$ 15,845
Licenses and permits	4,000	4,000	6,847	2,847
Intergovernmental	385,000	385,000	336,697	(48,303)
Franchise fees	69,000	69,000	60,950	(8,050)
Fines	4,000	4,000	1,967	(2,033)
Charges for services	49,100	49,100	51,108	2,008
Grants and donations	186,400	186,400	3,247	(183,153)
Investment income	25,000	25,000	10,857	
Miscellaneous and interest	9,500	9,500	27,008	17,508
Total revenues	1,014,403	1,014,403	796,929	(203,331)
Expenditures:				
General government:	271,430	271,430	155,676	115,754
Public Safety	61,550	61,550	59,050	2,500
Highway and Streets	311,707	311,707	271,003	40,704
Park and recreation	271,908	271,908	115,991	155,917
Irrigation	97,808	97,808	40,624	57,184
Capital Outlays	-	-	-	-
Debt service	-	-	-	-
Contingency	-	-	-	-
Total expenditures	1,014,403	1,014,403	642,344	372,059
Excess (deficiency) of revenues over expenditures	-	-	154,585	154,585
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	12,500	12,500
Total other financing sources (uses)	-	-	12,500	12,500
Net change in fund balance	-	-	167,085	167,085
Fund balance - beginning	612,228	612,228	612,228	-
Fund balance - ending	$ 612,228	$ 612,228	$ 779,313	$ 167,085

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-Type Activities Enterprise Funds			
ASSETS	Water Fund	Sewer Fund	Sanitation Fund	Totals
Current assets:				
Cash & Investments	$ 367,908	$ 551,289	$ 83,544	$ 1,002,741
Receivables (Net of Allowances):			-	
Accounts	27,737	29,497	13,440	70,674
Other	-	-	-	-
Due (To)/From Other Funds	-	-	-	-
Noncurrent assets:				
Restricted Assets:				
Utility Deposit Fund	68,593	-	-	68,593
Capital Assets:				
Land	12,568	154,394	-	166,962
Other Capital Assets, Net of Depreciation	1,222,894	2,146,891	-	3,369,785
Total assets	1,699,700	2,882,071	96,984	4,678,755
DEFERED OUTFLOWS OF RESOURCES				
Pension Obligations	15,488	15,488	3,574	34,550
Total deferred inflows of resources	15,488	15,488	3,574	34,550
LIABILITIES				
Current liabilities:				
Accounts Payable and Accrued Expenses	9,365	9,419	6,687	25,471
Interest Payable	2,229	208	-	2,437
Utility Deposits	50,935	-	-	50,935
Current Portion of long-term liabilities	69,747	74,235	-	143,982
Noncurrent liabilities:				
Long-Term Liabilities (Revenue Bonds)	178,883	543,062	-	721,945
Net Pension Liability	65,257	65,255	15,059	145,571
Total liabilities	376,416	692,179	21,746	1,090,341
DEFERED INFLOWS OF RESOURCES				
Employer Pension Assumption	4,549	4,549	1,050	10,148
Total deferred inflows of resources	4,549	4,549	1,050	10,148
NET POSITION				
Net Investment in Capital Assets	986,832	1,683,988	-	2,670,820
Restricted for:				
Utility Deposits, Debt Service & Projects	68,593	-	-	68,593
Unrestricted	278,798	516,843	77,762	873,403
Total Net Position	$ 1,334,223	$ 2,200,831	$ 77,762	$ 3,612,816

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Sanitation	Totals
Operating revenues:				
Charges for service	$ 328,447	$ 327,266	$ 127,894	$ 783,607
Other service charges	5,191	600	5,650	11,441
Gross Profit	333,638	327,866	133,544	795,048
Operating expenses:				
Salaries	90,399	90,399	20,861	201,659
Health insurance	26,858	26,858	6,198	59,914
Social security	6,904	6,905	1,593	15,402
Retirement	17,463	17,463	1,748	36,674
Workman's comp. insurance	1,862	1,862	430	4,154
Training & travel	1,261	1,174	-	2,435
Operating & maintenance supplies	38,879	59,601	1,213	99,693
Power	23,681	7,693	-	31,374
Mitigation	4,417	-	-	4,417
Vehicle expense	3,832	6,798	-	10,630
Repairs & maintenance	12,292	24,072	782	37,146
Contract garbage service	-	-	82,231	82,231
Miscellaneous	2,040	5,426	105	7,571
Testing	1,084	-	-	1,084
Contingecy/capital outlay	-	2,614	10,127	12,741
Depreciation expense	56,899	103,527	-	160,426
Total operating expenses	287,871	354,392	125,288	767,551
Operating income (loss)	45,767	(26,526)	8,256	27,497
Non-operating revenues (expenses)				
Grant revenue	-	-	-	-
Rent revenues	-	27,715	-	27,715
Interest income	10,749	20,690	2,150	33,589
Interest (expense)	(7,309)	(17,219)	-	(24,528)
Change in fair value of investments	6,488	12,490	1,298	20,276
Total non-operating revenues (expenses)	9,928	43,676	3,448	57,052
Income/(Loss) before contributions and Transfers	55,695	17,150	11,704	84,549
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	55,695	17,150	11,704	84,549
Net Position Beginning of Year	1,278,528	2,183,681	66,058	3,528,267
Net Position End of Year	$ 1,334,223	$ 2,200,831	$ 77,762	$ 3,612,816

See accompanying notes to the financial statements.

CITY OF PAUL, IDAHO

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Sanitation	Totals
Cash flows provided by operating activities:				
Receipts from customers and users	$ 332,303	$ 328,411	$ 132,750	$ 793,464
Payments to suppliers, etc.	(134,099)	(218,527)	(104,355)	(456,981)
Payments to employees	(82,561)	(82,561)	(21,334)	(186,456)
Other receipts/(payments)	-	-	-	-
Net cash provided (used) by operating activities	115,643	27,323	7,061	150,027
Cash flows from noncapital and related financing activities:				
Transfers (to)/from other funds	-	-	-	-
Net cash provided (used) by noncapital and related financing activities	-	-	-	-
Cash flows from capital and related financing activities:				
Capital grants received	-	-	-	-
Principal and interest paid on long-term debt	(75,852)	(89,400)	-	(165,252)
Acquisition & Construction of capital assets	(68,647)	(83,717)	-	(152,364)
Net cash used by capital and related financing activities	(144,499)	(173,117)	-	(317,616)
Cash flows from investing activities:				
Rent revenues	-	27,715	-	27,715
Interest received on Investments	10,749	20,690	2,150	33,589
Change in fair value of Investments	6,488	12,490	1,298	20,276
Net cash provided by investing activities	17,237	60,895	3,448	81,580
Net increase (decrease) in cash	(11,619)	(84,899)	10,509	(86,009)
Cash at end of year (including $82,435 held in and restricted accounts for the Water Fund)	448,120	636,188	73,035	1,157,343
Cash at end of year (including $68,593 held in and restricted accounts for the Water Fund)	$ 436,501	$ 551,289	$ 83,544	$ 1,071,334
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 45,767	$ (26,526)	$ 8,256	$ 27,497
Depreciation	56,899	103,527	-	160,426
(Increase) decrease in accounts receivable	(1,335)	545	(794)	(1,584)
Increase (decrease) in payables	3,164	(58,061)	72	(54,825)
Increase (decrease) in utility deposits	3,310	-	-	3,310
Net non-cash pension (revenue) expense	7,838	7,838	(473)	15,203
Net cash provided (used) by operating activities	$ 115,643	$ 27,323	$ 7,061	$ 150,027

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

These financial statements of the City of Paul are presented in accordance with generally accepted accounting principles. The City is governed by an elected City Council which possesses final decision making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance construction. There are no other boards, councils, or component units for which the City of Paul exercises authority.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net assets and the statement of activities, report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Internal activity between funds have been eliminated in the government-wide statement of activities.

The statement of net assets presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The City of Paul has no non-major funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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 City considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current 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.

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

The Water fund accounts for the operations of providing water to the citizens of the City.
The Sewer Fund accounts for the operations of the City's sewer system.
The Sanitation Fund accounts for the operations of the City's garbage collection system.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Deposits and Investments

The City maintains cash and investments as a pool that is available for use by all funds. The Water and Sewer Funds maintain a separate portion as a reserve to satisfy bond requirements. All accounts are in the custody of the City Clerk.

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the City had carrying amounts of $410,331 with actual bank balances of $411,418 in deposits, of which zero was exposed to custodial credit risk.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

Investment Type	Fair Value	Duration	Fair Value Hierarchy
Idaho State Local Government Investment Pool	$ 941,884	84 days	N/A
Idaho State Treasurer's Diversified Bond Fund (Level 2)	447,388	2.84 years	Level 2
	$ 1,389,272		

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the City's position in the external investment pool is the same as the value of the pool shares.

Credit Risk: The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

Fair Value of Investments
The City measures and records its investments using fair value measurement guidelines established by generally

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

The investments held with the State of Idaho are stated at fair value as of year end. Investments in the LGIP are considered cash equivalents. Investments in the Idaho DBF are level 2 investments.

F. Inventory
Inventories of repair supplies at year end are considered immaterial.

G. Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Interest costs are capitalized when incurred by proprietary funds where proceeds are used to finance construction of assets.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

H. Long-Term Liabilities
Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

I. Budgets and Budgetary Accounting
The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to certifying the tax levy to the county commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.

2. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principals. Uncommitted appropriations lapse at every year end.

3. Revisions to the budget can only be made by court order, public hearing, or in case of certain emergencies as defined by law.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
Accumulated unpaid vacation, sick pay, and other employee benefit amounts (compensated absences) have not been accrued in governmental funds or the proprietary funds. The amount of this accrual is not material to the financial statements.

K. Encumbrances
Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

L. Fund 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 amounts that cannot be spent because they 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 appropriate due process by the City Council. Committed fund balances differ from restricted 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 an 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.

M. Use of Estimates

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

N. Application of Restricted or Unrestricted Resources

The City's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. 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: ACCOUNTS RECEIVABLE

An aging of accounts receivable is as follows:

	Current	30 Days	60+ Days	Total
Total A/R	$ 59,326	$ 7,623	$ 4,095	$ 71,044
Total	$ 59,326	$ 7,623	$ 4,095	$ 71,044

Experience has shown uncollectible accounts to be very low. No allowance for uncollectible accounts has been established and is not considered material to these financial statements.

NOTE 3: DUE FROM OTHER GOVERNMENTS

The amount due from other governments consisted of the following:

State revenue sharing	$ 40,701
State revenue sharing - liquor	5,151
State highway users	15,710
Total	$ 61,562

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
Governmental Activities				
Land (non-depreciable)	$ 238,000	$ -	$ -	$ 238,000
Buildings	76,397	-	-	76,397
Improvements other than buildings	891,376	-	-	891,376
Infrastructure assets	9,272	-	-	9,272
Equipment	431,546	44,118	(9,808)	465,856
Total	1,646,591	44,118	(9,808)	1,680,901
Accumulated Depreciation:				
Buildings	60,856	1,910	-	62,766
Improvements other than buildings	309,922	25,874	-	335,796
Infrastructure assets	3,943	231	-	4,174
Equipment	388,110	11,855	(18,500)	381,465
Total	762,831	39,870	(18,500)	784,201
Net Book Value:				
Land (non-depreciable)	238,000	-	-	238,000
Buildings	15,541	(1,910)	-	13,631
Improvements other than buildings	581,454	(25,874)	-	555,580
Infrastructure assets	5,329	(231)	-	5,098
Equipment	43,436	32,263	8,692	84,391
Total	$ 883,760	$ 4,248	$ 8,692	$ 896,700

	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024
Business-type Activities				
Water Fund:				
Land (non-depreciable)	$ 12,568	$ -	$ -	$ 12,568
Buildings	-	-	-	-
Improvements other	-			-
than buildings	2,476,699	-	-	2,476,699
Equipment	96,590	68,647	(12,633)	152,604
Total	2,585,857	68,647	(12,633)	2,641,871
Accumulated Depreciation:				
Buildings	-	-	-	-
Improvements other				
than buildings	1,275,398	49,777	-	1,325,175
Equipment	86,745	7,122	(12,633)	81,234
Total	1,362,143	56,899	(12,633)	1,406,409
Water Fund (continued):				
Net Book Value:				
Land (non-depreciable)	12,568	-	-	12,568
Buildings	-	-	-	-
Improvements other				
than buildings	1,201,301	(49,777)	-	1,151,524
Equipment	9,845	61,525	-	71,370
Total	$ 1,223,714	$ 11,748	$ -	$ 1,235,462
Sewer Fund				
Land (non-depreciable)	$ 154,394	$ -	$ -	$ 154,394
Buildings	-	-	-	-
Improvements other				
than buildings	3,526,770	-	-	3,526,770
Equipment	388,798	83,717	(5,175)	467,340
Total	4,069,962	83,717	(5,175)	4,148,504
Accumulated Depreciation:				
Buildings	-	-	-	-
Improvements other				
than buildings	1,625,608	66,912	-	1,692,520
Equipment	123,259	36,615	(5,175)	154,699
Total	1,748,867	103,527	(5,175)	1,847,219
Net Book Value:				
Land (non-depreciable)	154,394	-	-	154,394
Buildings	-	-	-	-
Improvements other				
than buildings	1,901,162	(66,912)	-	1,834,250
Equipment	265,539	47,102	-	312,641
Total	$ 2,321,095	$ (19,810)	$ -	$ 2,301,285

All depreciable capital assets are being depreciated using the straight-line method over the respective estimated lives described in Note 1. The City has elected not to retroactively report infrastructure assets, as is allowed for Phase 3 governments. Accordingly, the infrastructure assets reported above under Governmental Activities consist only of those constructed or significantly improved after September 30, 2003. It has been determined that this will not have a material affect on the financial statements. Infrastructure assets not reported consist mainly of streets, curb and gutter, stop lights and street lights constructed or placed in service prior to October 1, 2003.

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	$	1,909
Public Safety		-
Highways & Streets		12,087
Parks & Recreation		25,874
Total Governmental Activities Depreciation	$	39,870

NOTE 5: RESTRICTED CASH

Restricted cash at year end represents customer utility deposits held in the Water Fund.

NOTE 6: SHORT-TERM DEBT

The City has no short-term debt.

NOTE 7: LONG-TERM DEBT

Long-term liabilities at year end consist of a Water Revenue Bond with a balance of $248,630 at 2.46% and a Sewer Refunding Revenue Bond with a balance of $617,297 at 2.46%, both of which are being held by DL Evans Bank.

Water bond annual payments required to 2028:	$	75,852
Sewer bond annual payments required to 2032:	$	89,400

The annual debt service requirements to maturity for bonded debt as of September 30 follows:

FYE	General Fund		Water Fund		Sewer Fund	
Sept. 30	Principal	Interest	Principal	Interest	Principal	Interest
2025	-	-	69,747	6,105	74,235	15,164
2026	-	-	71,463	4,389	76,061	13,339
2027	-	-	73,220	2,632	77,933	11,467
2028	-	-	34,200	832	79,823	9,577
2029	-	-	-	-	81,813	7,587
2030-2032	-	-	-	-	227,432	10,489
	$ -	$ -	$ 248,630	$ 13,958	$ 617,297	$ 67,623

A summary of changes in long-term debt is as follows:

	Balance at 9/30/2023	Additions	Reductions	Balance at 9/30/2024
Water Revenue Bond	$ 316,607	$ -	$ (67,977)	$ 248,630
Sewer Revenue Bond	689,454	-	(72,157)	617,297
General Fund Debt	-	-	-	-
	$ 1,006,061	$ -	$ (140,134)	$ 865,927

NOTE 8: LEASE COMMITMENTS

The City has adopted GASB Statement No. 87, Leases. This standard requires the City to review its existing lease arrangements and determine the application of the new standard. The City's outstanding lease agreements include a lease of a copy machine. The lease calls for a base monthly payment of $198.86 for a term of 63 months which began in August 2024, but is cancelable at any time. Since the lease is cancelable at any time by either party, the lease does not qualify as a lease under GASB 87. Payments for the year ended September 30, 2024 were $597, which did not include operating supplies.

Future scheduled lease payments are as follows:

2025	$	2,386
2026		2,386
2027		2,386
2028		2,386
2029		2,386

NOTE 9: PROPERTY TAXES

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

NOTE 10: STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Enterprise Funds consider all checking, savings, certificates of deposit and the Idaho Government Investment Pool with maturity dates within 90 days to be cash and cash equivalents.

Actual cash paid for interest from the Water Fund was $7,875 and from the Sewer Fund was $17,243.

NOTE 11: RISK MANAGEMENT/INSURANCE COVERAGE

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 has transferred most of its risk by purchasing commercial insurance.

Workman's Compensation insurance is purchased through the Idaho State Insurance Fund.

All other insurance has been purchased through ICRMP (Idaho Counties Risk Management Program), which expires October 1, and is renewed annually. The policy coverage's include: Buildings, Structures and Personal Property/Automobile Physical Damage, Comprehensive General Liability, Automobile Liability, Errors and Omissions Liability, Crime Insurance, Boiler and Machinery.

NOTE 12: LITIGATION AND CONTINGENT LIABILITIES

The City is subject to water calls filed with and a Ground Water Management Area Order issued by the Idaho Department of Water Resources (IDWR), but has been successful, in conjunction with other junior water rights holders, in deferring curtailment orders. Mitigation plans have been accepted by IDWR concerning the Rangen call and SWC call that mitigate the senior water right holder's claims. The City of Paul's share of the cost of the mitigation plans is projected to be less than $10,000 per year. Proceedings seeking to establish an Eastern Idaho Snake River Plain Ground Water Management Area are pending and hearings are scheduled. It is not anticipated that the Ground Water Management Area proceeding will interfere with the City's water rights during the current fiscal year or in the foreseeable future.

NOTE 13: PENSION PLAN

Plan Description - The City 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.

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024 it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The City's contributions were $39,458 for the year ended September 30, 2024.

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

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was .0072018 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $30,997. 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	$ 42,890	$ -
Changes in assumptions or other inputs	10,672	
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	18,779
City contributions subsequent to the measurement date	10,375	-
Total	$ 63,937	$ 18,779

The $10,375 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

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

Year ended Sept 30	
2024	$ 16,261
2025	50,229
2026	(8,662)
2027	(6,191)

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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 from Callan 2023

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-20.00%
US/Global Equity	55.00%	8.00%	6.00%
International Equity	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric)Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric)Expected Rate of Return, Nt of Investment Expenses		5.15%	3.06%

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

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

	1% Decrease (5.35%)	Current Discount (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 511,932	$ 269,394	$ 71,302

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 year end the City reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 15: COMMITMENTS

The City is a party to the "Joint Animal Control Facilities Agreement" with Minidoka County and the cities of Rupert, Acequia and Minidoka. The City is to make monthly expense-share contributions of $375. The agreement became effective October 1, 2005 for one year and automatically renews each year for an additional year.

NOTE 16: SUBSEQUENT EVENTS

Subsequent events were evaluated through the audit report date, December 20, 2024 which is the date the financial statements were available to be issued. There were no subsequent events that required disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF PAUL, IDAHO

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan

Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.0099842%	0.0096996%	0.0080901%	0.0090317%	0.0089692%	0.0085618%	0.0080943%	0.0080083%	0.0079420%	0.0072018%
Employer's proportionate share of the net pension liability	$ 131,476	$ 196,626	$ 127,162	$ 133,219	$ 102,381	$ 198,816	$ (6,393)	$ 315,429	$ 316,941	$ 269,394
Employer's covered-employee payroll	$ 289,010	$ 279,208	$ 249,948	$ 289,050	$ 303,343	$ 303,604	$ 304,866	$ 319,472	$ 338,257	$ 352,933
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	45.49%	70.42%	50.88%	46.09%	33.75%	65.49%	-2.10%	98.73%	93.70%	76.33%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	83.83%	85.54%

Data reported is measured as of June 30, 2022 (measurement date)

**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 years which information is available.*

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$ 32,659	$ 31,606	$ 28,444	$ 32,894	$ 34,338	$ 36,250	$ 36,401	$ 38,145	$ 40,388	$ 39,458
Contributions in relation to the statutorily required contribution	$ 32,073	$ 32,113	$ 28,444	$ 32,894	$ 34,338	$ 36,250	$ 36,401	$ 38,145	$ 40,388	$ 39,458
Contribution (deficiency) excess	(586)	507	-							
Employer's covered-employee payroll	$ 289,010	$ 279,208	$ 249,948	$ 289,050	$ 303,343	$ 303,604	$ 304,866	$ 319,472	$ 338,258	$ 352,934
Contributions as a percentage of covered-employee payroll	11.10%	11.32%	11.38%	11.38%	11.32%	11.94%	11.94%	11.94%	11.94%	11.18%

Data reported is measured as of September 30, 2022

**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 years which information is available.*

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

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*

To the Mayor and City Council
City of Paul, ID

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of City of Paul, Idaho as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Paul, Idaho's basic financial statements and have issued our report thereon dated December 20, 2024.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. However, we identified certain deficiencies in internal control over financial reporting, described in 2024-1 of the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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City of Paul's Response to Findings

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

Purpose of this Report

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

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull PA
December 20, 2024

Finding 2024-1: Lack of segregation of duties

Condition: The City lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the City take such actions as hiring another person to assist in accounting duties.

Response: City management believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as council review of all disbursements, two signatures required on all checks, and monthly council review of financial reports prepared by the clerk.

CITY OF PAUL, IDAHO

Water Fund

Schedule of Estimated (Budgeted) Revenues and Expenditures
For the Year to End September 30, 2024

Operating Revenues:		
Utility charges	$317,000	
Other service charges	8,000	
Total operating revenue		$325,000
Operating Expenses:		
Salaries	91,703	
Health and accident insurance	29,402	
Social security	7,015	
Retirement	10,252	
Workman's comp insurance	2,138	
Travel & training	3,000	
Power	25,000	
Operating and maintenance supplies	40,000	
Vehicle maintenance	7,000	
Mitigation	8,000	
Testing	4,000	
State connector fee	2,800	
Depreciation	0	
Bond payment	76,000	
Total operating expenses		306,310
Operating income		18,690
Non-operating income (expenditures):		
Interest income	10,000	
Grant revenue	200,000	
Capital expenditures	(114,345)	
Contingency	(114,345)	
Unappropriated retained earnings	0	
Total non-operating income (expenditures)		(18,690)
Net revenue over expenditures		$0

See accompanying notes to financial statements.

CITY OF PAUL, IDAHO

Sewer Fund

Schedule of Estimated (Budgeted) Revenues and Expenditures
For the Year to End September 30, 2024

Operating Revenues:		
Utility charges	$317,000	
Other service charges	5,000	
Total operating revenue		$322,000
Operating Expenses:		
Salaries	91,703	
Health and accident insurance	29,402	
Social security	7,015	
Retirement	10,252	
Workman's comp insurance	2,138	
Travel & training	3,000	
Power	8,000	
Operating and maintenance supplies	40,000	
Credit Card Fees	0	
Vehicle maintenance	10,000	
Testing	3,500	
Depreciation	0	
Bond payment	89,600	
Total operating expenses		294,610
Operating income		27,390
Non-operating income (expenditures):		
Interest income	10,000	
Grant revenue	550,000	
Miscellaneous revenues	23,660	
Capital expenditures	(500,000)	
Contingency	(111,050)	
Unappropriated retained earnings	0	
Total non-operating income (expenditures)		(27,390)
Net revenue over expenditures		$0

See accompanying notes to financial statements.