CITY OF PIERCE, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS
Zwygart John & Associates CPAs, PLLC
16130 North Merchant Way, Suite 120 ◆ Nampa, Idaho 83687
Phone: 208-459-4649 ◆ FAX: 208-229-0404

Independent Auditor's Report

Honorable Mayor
and City Council
Pierce, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Pierce, 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 Pierce, Idaho's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 of Pierce, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the City's proportionate share of the net pension liability, and the schedule of City contributions on pages 34 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pierce, Idaho's basic financial statements. The combining balance sheet and statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, supplemental schedule of revenue by source – general fund, supplemental schedule of expenditures by object of expenditures – general fund, schedule of revenues – budget and actual – special revenue funds, and schedule of expenditures - budget and actual – special revenue funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining balance sheet and statement of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, supplemental schedule of revenue by source – general fund, supplemental schedule of expenditures by object of expenditures – general fund, schedule of revenues – budget and actual – special revenue funds, and schedule of expenditures - budget and actual – special revenue funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 12, 2025 on our consideration of the City of Pierce, Idaho'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pierce, Idaho's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Pierce, Idaho's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
August 12, 2025

City of Pierce, Idaho
Statement of Net Position
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash	$ 150,827	$ 545,655	$ 696,482
Certificates of Deposit	96,165	170,959	267,124
Receivables, Net:			
Accounts	221	38,326	38,547
Grants	-	101,597	101,597
Taxes	13,711	-	13,711
Intergovernmental	15,200	-	15,200
Interest	1,144	4,508	5,652
Total Current Assets	277,268	861,045	1,138,313
Noncurrent Assets:			
Restricted Cash	-	3,272	3,272
Restricted Certificates of Deposit	-	64,110	64,110
Capital Assets:			
Land and Nondepreciable Infrastructure	25,248	-	25,248
Construction In Progress	-	7,190,673	7,190,673
Buildings, Net	22,685	-	22,685
Improvements, Net	-	1,675,613	1,675,613
Equipment, Net	19,730	67,302	87,032
Vehicles, Net	14,667	-	14,667
Total Noncurrent Assets	82,330	9,000,970	9,083,300
Total Assets	359,598	9,862,015	10,221,613
Deferred Outflows			
Pension Related Items	13,880	18,400	32,280
Total Deferred Outflows	13,880	18,400	32,280
Liabilities			
Current Liabilities:			
Accounts Payable and Other Liabilities	16,835	130,790	147,625
Security Deposits	-	7,150	7,150
Accrued Interest	515	5,649	6,164
Non-Current Liabilities:			
Due within One Year:			
Compensated Absences	3,374	3,962	7,336
Leases Payable - Current	6,494	16,203	22,697
Bond Payable - Current	-	76,406	76,406
Due in More than One Year:			
Leases Payable	7,310	16,867	24,177
Bond Payable	-	2,405,649	2,405,649
Net Pension Liability	58,850	78,010	136,860
Total Liabilities	93,378	2,740,686	2,834,064
Deferred Inflows			
Pension Related Items	1,068	1,416	2,484
Total Deferred Inflows	1,068	1,416	2,484
Net Position			
Invested in Capital Assets, Net of Related Debt	67,663	6,523,977	6,591,640
Restricted	157,157	-	157,157
Unrestricted (Deficit) Surplus	54,212	614,336	668,548
Total Net Position	$ 279,032	$ 7,138,313	$ 7,417,345

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

City of Pierce, Idaho
Statement of Activities
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Primary Government:							
Governmental Activities:							
General Government	$ 132,633	$ 3,541	$ -	$ -	$ (129,092)	$ -	$ (129,092)
Public Safety	6,161	594	-	-	(5,567)	-	(5,567)
Highways and Streets	90,089	-	-	-	(90,089)	-	(90,089)
Culture and Recreation	4,393	-	-	-	(4,393)	-	(4,393)
Total Governmental Activities	233,276	4,135	-	-	(229,141)	-	(229,141)
Business-type Activities:							
Water	286,046	276,406	53,310	-	-	43,670	43,670
Sewer	181,097	249,984	-	797,208	-	866,095	866,095
Sanitation	101,148	54,742	-	-	-	(46,406)	(46,406)
Total Business-type Activities	568,291	581,132	53,310	797,208	-	863,359	863,359
Total Primary Government	$ 801,567	$ 585,267	$ 53,310	$ 797,208	$ (229,141)	$ 863,359	$ 634,218
General Revenues:							
Property Taxes					157,394	-	157,394
Liquor Apportionment					8,318	-	8,318
Revenue Sharing					57,073	-	57,073
Franchise Fees					6,634	-	6,634
Highway Users					48,810	-	48,810
Other					11,756	9,395	21,151
Unrestricted Investment Earnings					7,745	18,523	26,268
Total General Revenues and Special Items					297,730	27,918	325,648
Change in Net Position					68,589	891,277	959,866
Net Position, Beginning of Year					210,443	6,247,036	6,457,479
Net Position, End of Year					$ 279,032	$ 7,138,313	$ 7,417,345

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

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

	General	Street	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 52,553	$ 81,954	$ 16,320	$ 150,827
Certificates of Deposit	32,055	64,110	-	96,165
Receivables, Net:				
Property Taxes	7,953	5,485	273	13,711
Intergovernmental	-	15,200	-	15,200
Interest	384	760	-	1,144
Accounts	156	65	-	221
Total Assets	$ 93,101	$ 167,574	$ 16,593	$ 277,268
Liabilities				
Accounts Payable	$ 8,025	$ 4,342	$ 671	$ 13,038
Salaries and Benefits Payable	2,854	890	53	3,797
Total Liabilities	10,879	5,232	724	16,835
Deferred Inflows				
Unavailable Revenue - Property Taxes	7,518	5,185	258	12,961
Total Deferred Inflows	7,518	5,185	258	12,961
Fund Balances				
Restricted for:				
Highway and Streets	-	157,157	-	157,157
Culture and Recreation			2,503	2,503
Public Safety			13,108	13,108
Unassigned	74,704	-	-	74,704
Total Fund Balances	74,704	157,157	15,611	247,472
Total Liabilities, Deferred Inflows and Fund Balances	$ 93,101	$ 167,574	$ 16,593	$ 277,268

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

City of Pierce, Idaho
Reconciliation of the Balance Sheet of the
Governmental Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 247,472
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:		
Land and Construction in Progress	$ 25,248	
Buildings, Net of $384,909 Accumulated Depreciation	22,685	
Vehicles, Net of $192,208 Accumulated Depreciation	14,667	
Equipment, Net of $173,505 Accumulated Depreciation	19,730	
		82,330
Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are deferred in the funds.		12,961
Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Compensated Absences		(3,374)
Capital Lease		(13,804)
Accrued Interest		(515)
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (58,850)	
Pension Related Deferred Outflows	13,880	
		(46,038)
Net Position of Governmental Activities		$ 279,032

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

City of Pierce, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2024

	General	Street	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 81,769	$ 58,891	$ 7,385	$ 148,045
Licenses and Permits	3,515	-	26	3,541
Intergovernmental	39,059	78,252	-	117,311
Fines	-	-	-	-
Franchise Fees	6,634	-	-	6,634
Miscellaneous	5,798	6,264	4,923	16,985
Total Revenues	136,775	143,407	12,334	292,516
Expenditures				
Current:				
General and Administrative	112,363	-	-	112,363
Highways and Streets	-	109,991	-	109,991
Public Safety	-	-	6,161	6,161
Culture and Recreation	-	-	4,393	4,393
Capital Outlay	-	-	-	-
Total Expenditures	112,363	109,991	10,554	232,908
Excess (Deficiency) of Revenues Over Expenditures	24,412	33,416	1,780	59,608
Other Financing Sources (Uses)				
Sale of Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	24,412	33,416	1,780	59,608
Fund Balances - Beginning	50,292	123,741	13,831	187,864
Fund Balances - Ending	$ 74,704	$ 157,157	$ 15,611	$ 247,472

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

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

Total Net Change in Fund Balance - Governmental Funds		$ 59,608
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:		
Capital Outlay	$ 19,902	
Depreciation Expense	(15,910)	
Net		3,992
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 and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		9,349
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences.		(4,360)
Change in Net Position of Governmental Activities		$ 68,589

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

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

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Assets				
Current Assets:				
Cash	$ 118,946	$ 455,285	$ -	$ 574,231
Certificates of Deposit	85,480	58,767	26,712	170,959
Receivables:				
Accounts, Net	15,107	18,816	4,403	38,326
Grants, Net	445	101,152	-	101,597
Interest, Net	1,773	2,418	317	4,508
Due From Other Funds	-	-	-	-
Total Current Assets	221,751	636,438	31,432	889,621
Noncurrent Assets:				
Restricted Cash	3,272	-	-	3,272
Restricted Certificates of Deposit	64,110	-	-	64,110
Net Pension Asset	-	-	-	-
Capital Assets:				
Land and Nondepreciable Infrastructure	-	-	-	-
Construction In Progress	106,615	7,084,058	-	7,190,673
Buildings, Net	-	-	-	-
Improvements, Net	1,646,414	29,199	-	1,675,613
Equipment, Net	14,666	14,667	37,969	67,302
Total Noncurrent Assets	1,835,077	7,127,924	37,969	9,000,970
Total Assets	2,056,828	7,764,362	69,401	9,890,591
Deferred Outflows				
Pension Related Items	8,070	6,456	3,874	18,400
Total Deferred Outflows	8,070	6,456	3,874	18,400
Liabilities				
Current Liabilities:				
Internal Balance	-	-	28,576	28,576
Accounts Payable	10,567	116,636	3,587	130,790
Due To Other Funds	-	-	-	-
Compensated Absences	1,907	1,907	148	3,962
Accrued Interest	1,432	4,217	-	5,649
Leases Payable	-	-	16,203	16,203
Bond Anticipation Note	-	-	-	-
Current Portion - Bond Payable	41,458	34,948	-	76,406
Total Current Liabilities	55,364	157,708	48,514	261,586
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	7,150	-	-	7,150
Noncurrent Liabilities:				
Leases Payable	-	-	16,867	16,867
Bond Payable	807,483	1,598,166	-	2,405,649
Net Pension Liability	34,215	27,372	16,423	78,010
Total Liabilities	904,212	1,783,246	81,804	2,769,262
Deferred Inflows				
Pension Related Items	621	497	298	1,416
Total Deferred Inflows	621	497	298	1,416
Net Position				
Invested in Capital Assets, Net of Related Debt	1,767,695	5,529,758	37,969	7,335,422
Unrestricted	(607,630)	457,317	(46,796)	(197,109)
Total Net Position	$ 1,160,065	$ 5,987,075	$ (8,827)	$ 7,138,313

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

City of Pierce, 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	Total
Operating Revenues				
Charges for Services	$ 274,556	$ 247,677	$ 54,742	$ 576,975
Miscellaneous	2,360	11,192	-	13,552
Total Operating Revenues	276,916	258,869	54,742	590,527
Operating Expenses				
Chemicals	18,699	9,167	-	27,866
Dues and Subscriptions	4,184	2,806	1,253	8,243
Insurance	3,390	3,390	-	6,780
Gas and Oil	1,361	2,529	3,693	7,583
Office Supplies	453	146	12	611
Professional Fees	8,443	18,016	6,250	32,709
Property Taxes	536	357	-	893
Repairs and Maintenance	12,396	9,243	5,991	27,630
Salaries, Benefits and Taxes	77,401	71,260	39,300	187,961
Supplies	4,762	2,579	25,074	32,415
Telephone	1,601	1,546	-	3,147
Testing	7,486	2,647	-	10,133
Travel, Meetings and Training	-	-	-	-
Utilities	27,773	26,326	-	54,099
Depreciation	76,986	14,806	18,985	110,777
Capital Outlay	-	-	-	-
Miscellaneous Expense	208	5,395	56	5,659
Bad Debt Expense	2,907	2,361	534	5,802
Total Operating Expenses	248,586	172,574	101,148	522,308
Operating Income (Loss)	28,330	86,295	(46,406)	68,219
Nonoperating Revenues (Expenses)				
Grant Revenue	53,310	797,208	-	850,518
Interest Earned	9,866	7,026	1,631	18,523
Interest Expense	(37,460)	(8,523)	-	(45,983)
Gain/(Loss) on Disposal of Assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	25,716	795,711	1,631	823,058
Income (Loss) Before Transfers	54,046	882,006	(44,775)	891,277
Total Transfers	-	-	-	-
Change in Net Position	54,046	882,006	(44,775)	891,277
Net Position - Beginning	1,106,019	5,105,069	35,948	6,247,036
Net Position - Ending	$ 1,160,065	$ 5,987,075	$ (8,827)	$ 7,138,313

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

City of Pierce, Idaho
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Cash Flows From Operating Activities				
Receipts from Customers	$ 281,348	$ 277,752	$ 55,566	$ 614,666
Payments to Suppliers	(93,291)	10,555	(39,373)	(122,109)
Payments to Employees	(73,398)	(67,871)	(37,759)	(179,028)
Net Cash Provided (Used) by Operating Activities	114,659	220,436	(21,566)	313,529
Cash Flows From Noncapital Financing Activities				
Transfers From Other Funds	118,369	244,667	16,992	380,028
Transfers To Other Funds	(75,000)	(25,000)	(31,996)	(131,996)
Net Cash Provided (Used) by Noncapital Financing Activities	43,369	219,667	(15,004)	248,032
Cash Flows From Capital and Related Financing Activities				
Proceeds from Noncapital Grant	53,310	797,208	-	850,518
Purchases of Capital Assets	(122,615)	(813,208)	-	(935,823)
Interest Paid on Debt	(38,115)	(27,098)	-	(65,213)
Principal Paid on Debt	(39,754)	(34,462)	(15,682)	(89,898)
Disposal of Capital Assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(147,174)	(77,560)	(15,682)	(240,416)
Cash Flows From Investing Activities				
Purchase of Certificates of Deposit	(4,022)	(2,764)	(1,256)	(8,042)
Interest and Dividends	9,857	5,301	1,629	16,787
Net Cash Provided (Used) by Investing Activities	5,835	2,537	373	8,745
Net Change in Cash and Cash Equivalents	16,689	365,080	(51,879)	329,890
Beginning Cash	114,842	95,956	23,837	234,635
Ending Cash	$ 131,531	$ 461,036	$ (28,042)	$ 564,525
Displayed As:				
Cash	$ 118,946	$ 455,285	$ -	$ 574,231
Restricted Cash	3,272	-	-	3,272
Restricted Certificates of Deposit	64,110	-	-	64,110
	$ 186,328	$ 455,285	$ -	$ 641,613

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

City of Pierce, Idaho
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 28,330	$ 86,295	$ (46,406)	$ 68,219
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	76,986	14,806	18,985	110,777
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	4,377	4,506	824	9,707
(Increase) Decrease in Interest Receivable	(9)	(1,725)	(2)	(1,736)
(Increase) Decrease in Grants Receivable	(445)	14,377	-	13,932
(Increase) Decrease in Due From Other Funds	118,369	244,667	16,992	380,028
(Increase) Decrease in Prepaid Expense	-	-	-	-
(Increase) Decrease in Deferred Outflows	7,391	5,912	3,547	16,850
Increase (Decrease) in Accounts Payable	(5,389)	91,312	2,956	88,879
Increase (Decrease) in Due To Other Funds	(75,000)	(25,000)	(31,996)	(131,996)
Increase (Decrease) in Accrued Interest	(655)	(18,575)	-	(19,230)
Increase (Decrease) in Customer Deposits	500	-	-	500
Increase (Decrease) in Compensated Absences	941	941	73	1,955
Increase (Decrease) in Net Pension Liability	(4,950)	(3,961)	(2,377)	(11,288)
Increase (Decrease) in Deferred Inflows	621	497	298	1,416
Net Cash Provided (Used) by Operating Activities	$ 151,067	$ 414,052	$ (37,106)	$ 528,013

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Pierce, Idaho (the City), which has responsibility and control over all activities related to public safety, highways and streets, culture and recreation, and water, sewer, and sanitation services within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the City is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each identifiable activity of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

- Indirect expenses are expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt) and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category — *governmental and proprietary* — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Street fund.* This fund accounts for the resources accumulated for the maintenance and construction of city streets.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the City and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City has the following major enterprise funds:

- *Water fund.* This fund accounts for the activities of the City's water supply system, pumping stations, and collection systems.
- *Sewer fund.* This fund accounts for the activities of the City's sewage treatment plant and collection systems.
- *Sanitation fund.* This fund accounts for the activities of the City's sanitation operations.

Basis of Accounting

The government-wide and proprietary fund 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund financial statements:

- *Nonspendable.* Prepaid items that are permanently precluded from conversion to cash.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position/fund balances available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

Cash received by the City is deposited into the various cash and investment accounts for each fund and is presented as "Cash and Cash Equivalents" on the Statement of Net Position and governmental fund Balance Sheet by activity or fund.

For presentation in the statement of cash flows, investments in the investment pool and others with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents.

Property Tax Calendar

The City levies its real property taxes through the county on or before the 2nd Monday of September. One-half of the real property taxes are due on or before the 20th of December. The remaining one-half of the real property tax is due on or before June 20th the following year. Property taxes are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$10,000	Straight-Line	7 – 50 Years
Equipment and Vehicles	$3,000	Straight-Line	7 – 20 Years

General infrastructure assets acquired prior to October, 2003 are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Receivable

The City has created an allowance for doubtful accounts for water and sewer balances deemed uncollectible. See footnote 7.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Use of Estimates

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

Deferred Compensation Plan

The City of Pierce, Idaho offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional. The deferred compensation in not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are available only for payment of benefits to plan participants and their beneficiaries. Accordingly, the Plan assets are not reflected in the City's financial statements.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the City's deposits was $292,951 and the respective bank balances totaled $386,111. The entire bank balance was insured or collateralized with pool securities held by the pledging institution in the name of the City.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2024, all of the City's deposits were covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were not exposed to custodial credit risk. The City does not have a formal policy limiting its exposure to custodial credit risk for deposits. The City has $30 of petty cash on hand.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City voluntarily participates in the State of Idaho Investment Pool which is not rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho

Code defines allowable investments. The fair value of the City's investment in the pool is the same as the value of the pool shares.

The City follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The City's investments at September 30, 2024, are summarized below:

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1 - 5
External Investment Pool	$ 406,773	$ 406,773	$ -
Certificates of Deposit	331,234	331,234	-
Total Investments	$ 738,007	$ 738,007	$ -

At year-end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 149,888	$ 139,821	$ 289,709
Restricted cash	-	3,272	3,272
Restricted certficates of deposits	-	64,110	64,110
Investments categorized as deposits	939	405,834	406,773
Certificates of deposit	96,165	170,959	267,124
	$ 246,992	$ 783,996	$ 1,030,988

3. PROPERTY TAXES

The City receives property tax revenue from Clearwater County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2024, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the City and are recorded as deferred revenue.

4. COMPENSATED ABSENCES

The City presently accumulates unused vacation days and sick leave calculated on an individual basis according to an employee's total years worked and total hours-per-week worked. In the event of termination, an employee is reimbursed for accumulated leave. A summary of the current year activity and year-end liability for the government-wide financial statements is as follows:

	9/30/2023	Increase	Decrease	9/30/2024	Current Portion
Governmental Activities	$ 1,709	$ 4,981	$ (3,316)	$ 3,374	$ 3,374
Business-type Activities	2,007	5,849	(3,894)	3,962	3,962
Total	$ 3,716	$ 10,830	$ (7,210)	$ 7,336	$ 7,336

5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of state revenue sharing of $15,200.

6. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

7. ACCOUNTS RECEIVABLE

Accounts receivable and the related allowance for doubtful accounts as of September 30, 2024, were reported as follows:

	General Fund	Street Fund	Water Fund	Sewer Fund	Sanitation Fund	Total
Accounts Receivable	$ 156	$ 65	$ 19,032	$ 22,513	$ 5,234	$ 47,000
Allowance for Doubtful Accounts	-	-	(3,925)	(3,697)	(831)	(8,453)
Accounts Receivable, Net	$ 156	$ 65	$ 15,107	$ 18,816	$ 4,403	$ 38,547

8. CAPITAL ASSETS

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

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 25,248	$ -	$ -	$ 25,248
Capital Assets Being Depreciated:				
Buildings	407,594	-	-	407,594
Equipment	193,235	-	-	193,235
Vehicles	190,875	16,000	-	206,875
Total Historical Cost	791,704	16,000	-	807,704
Less: Accumulated Depreciation				
Buildings	383,051	1,858	-	384,909
Equipment	160,786	12,719	-	173,505
Vehicles	190,875	1,333	-	192,208
Total Acc. Depr.	734,712	15,910	-	750,622
Total Capital Assets Being Depreciated, Net	56,992	90	-	57,082
Governmental Activities Capital Assets – Net	$ 82,240	$ 90	$ -	$ 82,330
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Construction in Progress	$ 6,286,850	$ 903,823	$ -	$ 7,190,673
Total Historical Cost	6,286,850	903,823	-	7,190,673
Capital Assets Being Depreciated:				
Buildings & Improvements	6,946,978	-	-	6,946,978
Equipment	255,209	32,000	-	287,209
Total Historical Cost	7,202,187	32,000	-	7,234,187
Less: Accumulated Depreciation				
Buildings & Improvements	5,188,061	83,305	-	5,271,366
Equipment	192,434	27,472	-	219,906
Total Acc. Depr.	5,380,495	110,777	-	5,491,272
Total Capital Assets Being Depreciated, Net	1,821,692	(78,777)	-	1,742,915
Business-type Activities Capital Assets – Net	$ 8,108,542	$ 825,046	$ -	$ 8,933,588

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities:	
General and Administrative	$ 15,910
Business-type Activities:	
Water	$ 76,986
Sewer	14,806
Sanitation	18,985
	$ 110,777

9. OTHER COMMITMENTS

The City has credit cards available for use with a total credit limit of $10,000. $1,037 of the available balance was in use as September 30, 2024.

10. LONG-TERM OBLIGATIONS

Municipal Lease:

The City leases equipment under long-term lease agreements. The municipal leases consist of:

Equipment	$ 224,903
Less: accumulated amortization (listed as depreciation on the accompanying financial statements)	(186,933)
	$ 37,970

Revenue Bonds

The City had obtained multiple rural development loans issued by the United States Department of Agriculture (USDA). The interest rates range from 1.65% to 4.375%.

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

Description	Maturity	Rate	Required Reserve	9/30/2023	Additions	Payments	9/30/2024	Current
Business-type Activities:								
USDA Sewer Loan (91-01)	2039	4.38%	$63,238	$ 820,723	$ -	$ (36,694)	$ 784,029	$ 38,299
USDA Sewer Loan (91-04)	2040	3.25%	N/A	67,972	-	(3,160)	64,812	3,159
USDA Sewer Loan (92-07)	2060	1.63%	N/A	1,667,576	-	(34,462)	1,633,114	34,948
Kenworth Garbage Truck	2026	3.97%	N/A	48,752	-	(15,682)	33,070	15,585
				$ 2,605,023	$ -	$ (89,998)	$ 2,515,025	$ 91,991
Governmental Activities:								
Case Loader Bucket	2026	3.95%	N/A	20,277	-	(6,473)	13,804	6,494
				$ 20,277	$ -	$ (6,473)	$ 13,804	$ 6,494

The interest expensed for the year ended September 30, 2024 was $45,983.

Debt service requirements as of September 30, 2024, are as follows:

Year Ending September 30,	Business-type Activities Bonds and Notes Principal	Business-type Activities Bonds and Notes Interest	Governmental Activities Bonds and Notes Principal	Governmental Activities Bonds and Notes Interest
2025	$ 92,609	$ 64,340	$ 6,756	$ 447
2026	95,691	61,161	7,048	175
2027	81,258	58,171	-	-
2028	83,781	55,649	-	-
2029	86,330	53,099	-	-
2030-2034	474,674	222,471	-	-
2035-2039	551,799	140,774	-	-
2040-2044	235,356	77,672	-	-
2045-2049	249,604	58,196	-	-
2050-2054	270,601	37,199	-	-
2055-2059	293,322	14,476	-	-
	$ 2,515,025	$ 843,208	$ 13,804	$ 622

11. PENSION PLAN

Plan Description

The City of Pierce, Idaho 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 and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess 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 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 Pierce, Idaho's contributions were $21,406 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 Pierce, Idaho 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 Pierce, Idaho's proportion of the net pension liability was based on the City of Pierce Idaho's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At September 30, 2024, the City of Pierce, Idaho's proportion was 0.00365876 percent.

For the year ended September 30, 2024, the City of Pierce recognized pension expense/ (revenue) of $32,589 . At September 30, 2024, the City of Pierce, Idaho 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	$ 21,790	$ -
Changes in assumptions or other inputs	5,421	-
Net difference between projected and actual earnings on pension plan investments	-	2,484
City of Pierce, Idaho's contributions subsequent to the measurement date	5,069	-
Total	$ 32,280	$ 2,484

$5,069 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 period ended June 30, 2023, is 4.6 years and 4.6 for the measurement period June 30, 2024.

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

For the Year Ended September 30,	PERSI
2025	$ 11,824
2026	25,518
2027	(4,401)
2028	(3,145)

Actuarial Assumptions

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

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

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, 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 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.

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.

Asset Class	DB Plans
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100%

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 Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension	$ 260,079	$ 136,860	$ 36,224

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.

REQUIRED SUPPLEMENTARY INFORMATION

City of Pierce, Idaho
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Taxes	$ 79,745	$ 79,745	$ 81,769	$ 2,024
Licenses and Permits	4,560	4,560	3,515	(1,045)
Intergovernmental	9,452	9,452	36,543	27,091
Franchise Fees	6,000	6,000	6,634	634
Fines	100	100	-	(100)
Miscellaneous	6,955	6,955	8,314	1,359
Total Revenues	106,812	106,812	136,775	29,963
Expenditures				
Current:				
General Government	206,685	206,685	112,363	94,322
Total Expenditures	206,685	206,685	112,363	94,322
Net Change in Fund Balances	(99,873)	(99,873)	24,412	124,285
Fund Balances - Beginning	99,873	99,873	50,292	(49,581)
Fund Balances - Ending	$ -	$ -	$ 74,704	$ 74,704

City of Pierce, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Street Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Taxes	$ 57,632	$ 57,632	$ 58,891	$ 1,259
Intergovernmental	88,304	88,304	78,252	(10,052)
Miscellaneous	2,903	2,903	6,264	3,361
Total Revenues	148,839	148,839	143,407	(5,432)
Expenditures				
Current:				
Highways and Streets	172,830	172,830	109,991	62,839
Total Expenditures	172,830	172,830	109,991	62,839
Net Change in Fund Balances	(23,991)	(23,991)	33,416	57,407
Fund Balances - Beginning	23,991	23,991	123,741	99,750
Fund Balances - Ending	$ -	$ -	$ 157,157	$ 157,157

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to September 1, the City Clerk, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at the City Hall to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

D. The City is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.

E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

City of Pierce, Idaho
Schedules of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the City's proportionate Share of Net Pension Liability

Year	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered-employee payroll	City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	0.0036588%	$ 136,860	$ 188,978	72.42%	85.54%
2023	0.0039257%	156,662	186,150	84.16%	83.83%
2022	0.0032520%	128,089	161,334	79.39%	83.09%

Data reported is measured as of June 30, 2024

Schedule of City's Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	City's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 21,406	$ 21,406	$ -	$ 188,978	11.33%
2023	21,961	21,961	-	186,150	11.80%
2022	19,263	19,263	-	161,334	11.94%

Data reported is measured as of September 30, 2024

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

SUPPLEMENTAL INFORMATION

City of Pierce, Idaho
Combining Balance Sheet -
Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Parks	Fire	Total Governmental Funds
Assets			
Cash	$ 2,541	$ 13,779	$ 16,320
Receivables, Net:			
Property Taxes	273	-	273
Due From Other Funds	-	-	-
Total Assets	$ 2,814	$ 13,779	$ 16,593
Liabilities			
Accounts Payable	$ 53	$ 671	$ 724
Internal Balance	-	-	-
Total Liabilities	53	671	724
Deferred Inflows			
Unavailable Revenue - Property Taxes	258	-	258
Total Deferred Inflows	258	-	258
Fund Balances			
Restricted for:			
Culture and Recreation	2,503	-	2,503
Public Safety	-	13,108	13,108
Total Fund Balances	2,503	13,108	15,611
Total Liabilities, Deferred Inflows and Fund Balances	$ 2,814	$ 13,779	$ 16,593

City of Pierce, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2024

	Parks	Fire	Total Governmental Funds
Revenues			
Taxes	$ 3,080	$ 4,305	$ 7,385
Licenses	-	26	26
Miscellaneous	370	4,553	4,923
Total Revenues	3,450	8,884	12,334
Expenditures			
Current:			
Public Safety	-	6,161	6,161
Culture and Recreation	4,393	-	4,393
Total Expenditures	4,393	6,161	10,554
Net Change in Fund Balances	(943)	2,723	1,780
Fund Balances - Beginning	3,446	10,385	13,831
Fund Balances - Ending	$ 2,503	$ 13,108	$ 15,611

City of Pierce, Idaho
Supplemental Schedule of Revenues by Source -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Taxes			
Current	$ 79,745	$ 81,769	$ 2,024
Total Taxes	79,745	81,769	2,024
Licenses and Permits			
Liquor License	1,260	1,650	390
Business License	850	475	(375)
Building Permits	450	300	(150)
Animal	2,000	1,090	(910)
Franchise Fees	6,000	6,634	634
Total Licenses and Permits	10,560	10,149	(411)
Intergovernmental			
State Liquor Apportionment	8,852	8,318	(534)
Revenue Sharing	-	27,631	27,631
Court Revenues	600	594	(6)
Total Intergovernmental	9,452	36,543	27,091
Fines			
Pound Fines	100	-	(100)
Other			
Interest	4,355	3,874	(481)
Miscellaneous	2,600	4,440	1,840
Total Other	6,955	8,314	1,359
Total Revenue	$ 106,812	$ 136,775	$ 29,963

City of Pierce, Idaho

Supplemental Schedule of Expenditures by Object of Expenditure -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Dues and Membership	$ 5,830	$ 7,568	$ (1,738)
Miscellaneous	1,800	797	1,003
Office and General Supplies	9,300	6,177	3,123
Professional Fees	73,355	32,910	40,445
Repairs and Maintenance	28,250	237	28,013
Salaries, Benefits and Taxes	73,450	54,528	18,922
Property Taxes	600	536	64
Travel and Meetings	1,500	890	610
Utilities	12,000	7,927	4,073
Equipment Lease	600	793	(193)
Total Expeditures	$ 206,685	$ 112,363	$ 94,322

City of Pierce, Idaho
Schedule of Revenues - Budget and Actual
Special Revenue Funds
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Parks:			
Taxes:			
Current	$ 2,882	$ 3,080	$ 198
Total Taxes	2,882	3,080	198
Miscellaneous:			
Interest	-	20	20
Miscellaneous	-	350	350
Total Miscellaneous	-	370	370
Total Parks	$ 2,882	$ 3,450	$ 568
Fire:			
Taxes:			
Current	$ 4,322	$ 4,305	$ (17)
Total Taxes	4,322	4,305	(17)
Miscellaneous:			
Licenses	50	26	(24)
Miscellaneous	6,153	4,553	(1,600)
Total Miscellaneous	6,203	4,579	(1,624)
Total Fire	$ 10,525	$ 8,884	$ (1,641)

City of Pierce, Idaho
Schedule of Expenditures - Budget and Actual
Special Revenue Funds
For the Year Ended September 30, 2024

	Budget	Actual	Variance
Parks:			
Culture and Recreation:			
Office and General	$ 350	$ 925	$ (575)
Repairs and Maintenance	600	6	594
Salaries, Taxes and Benefits	1,920	3,462	(1,542)
Total Culture and Recreation	$ 2,870	$ 4,393	$ (1,523)
Fire:			
Public Safety:			
Gas and Oil	$ 500	$ 170	$ 330
Repairs and Maintenance	500	1,745	(1,245)
Salaries, Taxes and Benefits	906	333	573
Supplies	1,600	2,909	(1,309)
Training and Travel	600	454	146
Lease Expense	5,000	-	5,000
Total Public Safety	$ 10,606	$ 6,161	$ 4,445

FEDERAL REPORTS

ZWYGART JOHN
CERTIFIED PUBLIC ACCOUNTANTS
Zwygart John & Associates CPAs, PLLC
16130 North Merchant Way, Suite 120 ◆ Nampa, Idaho 83687
Phone: 208-459-4649 ◆ FAX: 208-229-0404

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor
and City Council
Pierce, Idaho

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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Pierce, 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 Pierce, Idaho's basic financial statements and have issued our report thereon dated August 12, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pierce, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pierce, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pierce, Idaho'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pierce, Idaho'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 financial statements. 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

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.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
August 12, 2025