CITY OF PRESTON, IDAHO

ANNUAL FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

CITY OF PRESTON
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Deaton & Company, Chartered
Certified Public Accountants
215 North 9th, Suite A
Pocatello, ID 83201-5278
(208) 232-5825
Members of the Idaho Society of Certified Public Accountants
Members of the American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Preston, Idaho

Report on the Financial Statements

Opinions

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

Basis for Opinions

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Preston's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, the schedule of expenditures of federal awards 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 June 19, 2025, on our consideration of the City of Preston, 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 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 of Preston, Idaho's internal control over financial reporting and compliance.

Deaton & Company

Pocatello, Idaho
June 19, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended September 30, 2024

THE FINANCIAL STATEMENTS AND THE REPORTING ENTITY

The Financial Statements

The financial statements presented herein include all of the activities of the City Of Preston (the City) using the integrated approach as prescribed by GASB Statement No. 34. Because this reporting model significantly changes the presentation of financial data and the manner in which the information is recorded, the prior year comparative information has not been included.

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present government activities and business type activities separately. These statements include all City assets, as well as all liabilities.

Reporting Entities

The Primary Government is the City Of Preston, which is an independent taxing district responsible for providing leadership, public safety, quality service, and fiscal responsibility to the residents of the City.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

On a cash basis an amount of $25,235,331 in loans and grants were received and disbursed for construction of the new wastewater treatment plant.

The City purchased twenty acres from the Franklin County Medical Center for $675,000 for future recreational use.

The City paved the Craner field parking lot at a cost of $385,291. American Rescue Plan Act grant money was used for this purpose.

A walking path was constructed at Craner field at a cost of $40,115. The funds for this project consisted of CDBG grant and donations.

The water line on North State Street was replaced at a cost of $85,937. This included 2,560 feet of new pipe.

The City leased a 2023 Kubota mini excavator on a five year lease.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position reports all of the City's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, and cultural and recreation. The business-type activities of the City include Water, Sewer, Sanitation, and Hydro operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories - governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, Sanitation, and Hydro funds since all are considered to be major funds of the City.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgeted expenses and revenues verses actual expenses and revenues.

The combining statement referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on budget comparison.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and The Statement of Activities provide information about the activities of the City. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

The Statement of Net Position and the Statement of Activities include all assets, deferred outflows, liabilities, and deferred inflows, and activities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. One can think of the City's net position, the difference between assets plus deferred outflows and liabilities less deferred inflows, as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, such as changes in the City's property tax base and the condition of the City's equipment and buildings, to assess the overall health of the City.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Preston, total assets plus deferred outflows exceeded total liabilities and deferred inflows by $36,068,500 as of September 30, 2024.

The largest portion of the City's net position (75%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any accumulated depreciation and debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF PRESTON'S NET POSITION

	Governmental Activities		Business Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	$ 4,569,786	$ 4,864,462	$ 5,024,812	$ 5,271,664	$ 9,594,598	$ 10,136,126
Capital assets	4,485,864	3,523,286	46,925,483	19,023,283	51,411,347	22,546,569
Total assets	9,055,650	8,387,748	51,950,295	24,294,947	61,005,945	32,682,695
Deferred outflows of resources	153,098	300,212	122,406	240,029	275,504	540,241
Total assets and deferred outflows of resources	9,208,748	8,687,960	52,072,701	24,534,976	61,281,449	33,222,936
Long-term liabilities	1,084,450	1,169,181	19,206,076	3,914,785	20,290,526	5,083,966
Other liabilities	671,884	1,808,310	4,250,539	1,501,052	4,922,423	3,309,362
Total liabilities	1,756,334	2,977,491	23,456,615	5,415,837	25,212,949	8,393,328
Deferred inflows	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	1,756,334	2,977,491	23,456,615	5,415,837	25,212,949	8,393,328
Net position						
Net investment in capital assets	4,281,464	3,278,741	28,122,720	15,411,991	32,404,184	18,690,732
Restricted for debt service	-	-	359,066	287,041	359,066	287,041
Unrestricted	3,170,950	2,431,728	134,300	3,420,107	3,305,250	5,851,835
Total net position	$ 7,452,414	$ 5,710,469	$28,616,086	$19,119,139	$ 36,068,500	$ 24,829,608

As of September 30, 2024, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

ANALYSIS OF THE CITY'S OPERATIONS

Overall the City had an increase in net position of $11,238,892.

Governmental Activities

Governmental activities increased the net position by $1,741,945

Business-type Activities

Net position from business-type activities increased by $9,496,947 as opposed to an increase of $7,335,666 in the prior year.

The following table provides a summary of the City's operations for year ended September 30, 2024:

	Governmental Activities		Business Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues						
Charges for services	$ 183,163	$ 186,486	$ 2,634,154	$ 2,370,821	$ 2,817,317	$ 2,557,307
Grants and contributions	1,109,949	280,836	8,808,824	6,962,427	9,918,773	7,243,263
General revenues:						
Property and sales tax	1,328,349	1,305,721	-	-	1,328,349	1,305,721
Other taxes	316,885	291,470	-	-	316,885	291,470
Intergovernmental	1,145,504	975,243	-	-	1,145,504	975,243
Investment earnings	335,699	198,728	110,804	80,710	446,503	279,438
Transfers	-	-	-	-	-	-
Gain on asset disposal	-	-	-	-	-	-
Miscellaneous	292,540	143,093	7,113	14,704	299,653	157,797
	4,712,089	3,381,577	11,560,895	9,428,662	16,272,984	12,810,239
Expenses:						
General government and administration	501,737	473,215	-	-	501,737	473,215
Public safety	1,182,892	1,146,739	-	-	1,182,892	1,146,739
Development services	1,026,612	1,270,183	-	-	1,026,612	1,270,183
Cultural and recreational	258,903	210,544	-	-	258,903	210,544
Water	-	-	1,092,792	975,551	1,092,792	975,551
Sewer	-	-	819,386	901,017	819,386	901,017
Sanitation	-	-	3,551	3,552	3,551	3,552
Hydro	-	-	148,219	212,876	148,219	212,876
	2,970,144	3,100,681	2,063,948	2,092,996	5,034,092	5,193,677
Increase (Decrease) in Net Position	1,741,945	280,896	9,496,947	7,335,666	11,238,892	7,616,562
Net Position - Begin	5,710,469	5,429,573	19,119,139	11,783,473	24,829,608	17,213,046
Net Position - End	$ 7,452,414	$ 5,710,469	$28,616,086	$19,119,139	$ 36,068,500	$ 24,829,608

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds

The focus of the City of Preston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Preston's governmental funds reported combined ending fund balances of $3,989,610 of which 43% is committed and 57% is unassigned.

In the general fund, the City budgeted for a decrease in fund balance of $1,284,575. The actual fund balance increase for fiscal year 2024 was $533,552.

Proprietary funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the respective proprietary fund are Water - $2,064,867, Sewer - ($2,456,576), Garbage - $174,336, and Hydro - $351,673. The Water, Sewer, Garbage and Hydro funds had a change in net position of $431,125, $8,995,675, ($3,551), and $73,698, respectfully.

General Fund Budgetary Highlights

The general fund budgeted total revenues to be $2,287,478 and total expenditures to be $3,184,053.

DEBT ADMINISTRATION

Debt, considered a liability of governmental activities, totaled $204,400, and proprietary activities, totaled $18,802,763 on September 30, 2024.

CAPITAL ASSETS

Additions and deletions of capital assets is recognized in the City's financial statements. The capital assets of the City are those assets which are used in the performance of the City's functions of providing service to its residents. At September 30, 2024, the capital assets of the City totaled $51,411,347.

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Capital Assets				
Land	$ 964,138	$ 675,000	$ -	$ 1,639,138
Construction in progress	9,999,745	28,169,388	-	38,169,133
Building and improvements	405,302	-	-	405,302
Other improvements	15,955,899	122,552	-	16,078,451
Infrastructure	2,241,018	385,291	-	2,626,309
Equipment	3,814,965	258,632	45,964	4,027,633
Water stock	309,935	-	-	309,935
Hydro plant	650,621	-	-	650,621
	$ 34,341,623	$ 29,610,863	$ 45,964	$ 63,906,522

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In the fiscal year 2024-2025 Budget, General fund revenues are budgeted to increase by 16% from the 2023-2024 budget year with general property taxes making up about 37% of general fund budgeted revenues. The General fund expenditures have been budgeted to decrease 7% from the 2023-2024 budget year.

CONTACTING THE CITY FINANCIAL MANAGEMENT

The financial report is designed to provide our patrons of the City and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Mayor and City Council at 70 West Oneida, Preston, Idaho 83263, telephone (208) 852-1817.

CITY OF PRESTON, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,448,044	$ 3,988,513	$ 7,436,557
Investments	505,766	590,519	1,096,285
Property taxes receivable	39,925	-	39,925
Other accounts receivable	282,777	66,025	348,802
Total current assets	4,276,512	4,645,057	8,921,569
Non-current assets			
Restricted assets - cash	293,274	379,755	673,029
Capital assets	7,666,008	56,240,514	63,906,522
Accumulated depreciation	(3,180,144)	(9,315,031)	(12,495,175)
Total non-current assets	4,779,138	47,305,238	52,084,376
Total assets	9,055,650	51,950,295	61,005,945
DEFERRED OUTFLOW OF RESOURCES			
Deferred outflows - pension	153,098	122,406	275,504
LIABILITIES			
Current liabilities			
Accounts payable	53,820	3,786,832	3,840,652
Accrued salaries and benefits	69,802	-	69,802
Accrued compensated absences	34,477	44,023	78,500
Grants received in advance	98,814	-	98,814
Current portion of long-term liabilities	121,697	398,995	520,692
Payable from restricted assets			
Improvement bonds	293,274	-	293,274
Water deposits	-	20,689	20,689
Total current liabilities	671,884	4,250,539	4,922,423
Non-current liabilities			
Long-term liabilities	82,703	18,403,768	18,486,471
Net pension liability	691,454	552,839	1,244,293
Accrued compensated absences	310,293	249,469	559,762
Total non-current liabilities	1,084,450	19,206,076	20,290,526
Total liabilities	1,756,334	23,456,615	25,212,949
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - pension	-	-	-
NET POSITION			
Net investment in capital assets	4,281,464	28,122,720	32,404,184
Restricted for debt service	-	359,066	359,066
Unrestricted	3,170,950	134,300	3,305,250
	$ 7,452,414	$ 28,616,086	$ 36,068,500

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2024

EXPENDITURES	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	(Expense)/ Revenue
Governmental activities:					
Mayor and council	$ 97,489	$ -	$ -	$ -	$ (97,489)
Office	64,073	-	-	-	(64,073)
Shop	39,236	-	-	-	(39,236)
Clerk	118,085	20,913	-	-	(97,172)
Legal	73,788	-	-	-	(73,788)
Planning and zoning	104,897	-	-	-	(104,897)
Economic development	65,025	-	-	-	(65,025)
Police	1,182,892	29,509	1,109,949	-	(43,434)
Dispatch	49,500	-	-	-	(49,500)
Building inspection	27,711	55,176	-	-	27,465
Animal control	27,155	1,115	-	-	(26,040)
Parks	258,903	76,450	-	-	(182,453)
Liability and unemployment insurance	32,411	-	-	-	(32,411)
Street	828,979	-	-	-	(828,979)
	2,970,144	183,163	1,109,949	-	(1,677,032)
Business-type activities:					
Water	1,092,792	1,412,043	-	-	319,251
Sewer	819,386	1,000,194	-	8,808,824	8,989,632
Sanitation	3,551	-	-	-	(3,551)
Hydro	148,219	221,917	-	-	73,698
	2,063,948	2,634,154	-	8,808,824	9,379,030
	$ 5,034,092	$ 2,817,317	$ 1,109,949	$ 8,808,824	$ 7,701,998

CHANGES IN NET POSITION	General Activities	Business-type Activities	Total
Net (expense)/revenue	$ (1,677,032)	$ 9,379,030	$ 7,701,998
General revenues			
General property taxes and sales tax	1,328,349	-	1,328,349
Highway taxes and franchise fees	316,885	-	316,885
Intergovernmental	1,145,504	-	1,145,504
Interest income	335,699	110,804	446,503
Miscellaneous	292,540	7,113	299,653
	3,418,977	117,917	3,536,894
CHANGE IN NET POSITION	1,741,945	9,496,947	11,238,892
BEGINNING NET POSITION	5,710,469	19,119,139	24,829,608
ENDING NET POSITION	$ 7,452,414	$ 28,616,086	$ 36,068,500

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Street Fund	Nonmajor Other Governmental Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 2,011,849	$ 1,373,386	$ 62,809	$ 3,448,044
Investments	311,615	185,660	8,491	505,766
Property taxes receivable	29,681	10,244	-	39,925
Other accounts receivable	209,316	73,461	-	282,777
Restricted assets - cash	293,274	-	-	293,274
	$ 2,855,735	$ 1,642,751	$ 71,300	$ 4,569,786
LIABILITIES				
Accounts payable	$ 48,904	$ 4,916	$ -	$ 53,820
Accrued salaries and benefits	69,802	-	-	69,802
Grants received in advance	98,814	-	-	98,814
Accrued compensated absences	25,677	8,800	-	34,477
Payable from restricted assets - Improvement bonds	293,274	-	-	293,274
	536,471	13,716	-	550,187
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	22,492	7,497	-	29,989
FUND BALANCES				
Committed - land purchase	25,000	-	-	25,000
Committed - Reappropriation Special revenue funds	-	1,621,538	71,300	1,692,838
Unassigned	2,271,772	-	-	2,271,772
	2,296,772	1,621,538	71,300	3,989,610
	$ 2,855,735	$ 1,642,751	$ 71,300	

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, net of accumulated depreciation of $3,180,144.	4,485,864
Unavailable tax revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the funds.	29,989
Deferred outflows - Pension related deferrals	153,098
Deferred inflows - Pension related deferrals	-
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	(691,454)
Capital lease	(204,400)
Accrued compensated absences	(310,293)
Net position of governmental funds	$ 7,452,414

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (PAGE 1 OF 2)
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Street Fund	Nonmajor Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes and sales taxes	$ 925,547	$ 408,070	$ -	$ 1,333,617
Franchise fees	134,269	-	-	134,269
Highway taxes	-	182,616	-	182,616
Intergovernmental	684,254	461,250	-	1,145,504
Licenses, permits, fees, and fines	106,714	-	-	106,714
Grants	1,109,949	-	-	1,109,949
Parks and recreation	76,450	-	-	76,450
Investment income	335,699	-	-	335,699
Miscellaneous	269,479	23,061	-	292,540
	3,642,361	1,074,997	-	4,717,358
EXPENDITURES				
Mayor and council	97,489	-	-	97,489
Office	61,353	-	-	61,353
Shop	37,914	-	-	37,914
Clerk	118,085	-	-	118,085
Legal	73,788	-	-	73,788
Planning and zoning	104,897	-	-	104,897
Economic development	65,025	-	-	65,025
Police	1,023,141	-	-	1,023,141
Dispatch	49,500	-	-	49,500
Building inspection	27,711	-	-	27,711
Animal control	27,055	-	-	27,055
Parks	229,136	-	-	229,136
Liability and unemployment insurance	32,411	-	-	32,411
Street	-	577,487	-	577,487
Debt service principal retirement	54,722	96,663	-	151,385
Debt service interest	3,467	6,907	-	10,374
Capital outlay	802,166	496,666	-	1,298,832
	2,807,860	1,177,723	-	3,985,583
Excess Revenues (Expenditures)	834,501	(102,726)	-	731,775
OTHER FINANCING SOURCES				
Transfers in (out)	(388,000)	388,000	-	-
Proceeds from leases	87,051	24,188	-	111,239
NET CHANGE IN FUND BALANCES	533,552	309,462	-	843,014
BEGINNING FUND BALANCE	1,763,220	1,312,076	71,300	3,146,596
ENDING FUND BALANCE	$2,296,772	$ 1,621,538	$ 71,300	$ 3,989,610

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (PAGE 2 OF 2)
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2024

Reconciliation of the net change in fund balances of governmental funds to the change in net position of governmental activities:	
Net change in fund balances	$ 843,014
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases	1,298,832
Depreciation expense	(336,254)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:	
Capital leases	151,384
Unavailable tax revenues are not recorded as current period receipts.	(5,268)
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Pension expense in excess of contributions	(86,158)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental fund:	
Accrued compensated absences	(12,366)
Change in net position	$ 1,741,945

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Water Fund	Sewer Fund	Nonmajor Garbage Fund	Nonmajor Hydro Fund	Total Proprietary Fund
ASSETS					
Current assets					
Cash and cash equivalents	$ 1,997,463	$ 1,453,579	$ 153,456	$ 384,015	$ 3,988,513
Investments	321,361	196,500	20,745	51,913	590,519
Other accounts receivable	30,525	15,545	135	19,820	66,025
Total current assets	2,349,349	1,665,624	174,336	455,748	4,645,057
Non-current assets					
Restricted assets - cash	379,755	-	-	-	379,755
Capital assets	11,624,224	43,604,213	216,864	795,213	56,240,514
Accumulated depreciation	(5,128,287)	(3,513,343)	(61,925)	(611,476)	(9,315,031)
Total non-current assets	6,875,692	40,090,870	154,939	183,737	47,305,238
Total assets	9,225,041	41,756,494	329,275	639,485	51,950,295
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows - pension	42,542	62,752	-	17,112	122,406
LIABILITIES					
Current liabilities					
Accounts payable	33,424	3,751,721	-	1,687	3,786,832
Accrued compensated absences	15,219	22,472	-	6,332	44,023
Current portion of long-term notes	340,703	11,794	-	-	352,497
Capital lease	16,249	30,249	-	-	46,498
Payable from restricted assets					
Water deposits	20,689	-	-	-	20,689
Total current liabilities	426,284	3,816,236	-	8,019	4,250,539
Non-current liabilities					
Long-term notes	1,141,625	17,218,272	-	-	18,359,897
Capital lease	14,586	29,285	-	-	43,871
Net pension liability	192,139	283,415	-	77,285	552,839
Accrued compensated absences	86,242	127,344	-	35,883	249,469
Total non-current liabilities	1,434,592	17,658,316	-	113,168	19,206,076
Total liabilities	1,860,876	21,474,552	-	121,187	23,456,615
DEFERRED INFLOW OF RESOURCES					
Deferred inflows - pension	-	-	-	-	-
NET POSITION					
Net investment in capital assets	4,982,774	22,801,270	154,939	183,737	28,122,720
Restricted	359,066	-	-	-	359,066
Unrestricted	2,064,867	(2,456,576)	174,336	351,673	134,300
	$ 7,406,707	$ 20,344,694	$ 329,275	$ 535,410	$ 28,616,086

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Water Fund	Sewer Fund	Nonmajor Garbage Fund	Nonmajor Hydro Fund	Total Proprietary Fund
OPERATING FUNDS					
Service revenue	$ 1,288,494	$ 887,694	$ -	$ 221,917	$ 2,398,105
Connection fees	120,000	112,500	-	-	232,500
Service charge	3,549	-	-	-	3,549
Interest income	110,804	-	-	-	110,804
Miscellaneous	1,070	6,043	-	-	7,113
	1,523,917	1,006,237	-	221,917	2,752,071
OPERATING EXPENSES					
Salaries and wages	262,346	268,751	-	42,512	573,609
Personnel benefits	175,662	206,604	-	49,347	431,613
Office supplies	-	465	-	-	465
Operating supplies	5,590	8,879	-	1,102	15,571
Motor fuel	13,844	10,523	-	3,287	27,654
Professional services	54,461	67,108	-	4,803	126,372
Travel and meetings	2,470	415	-	-	2,885
Dues, subscriptions, and memberships	38,890	-	-	-	38,890
Custodial and cleaning	2,809	5,028	-	2,662	10,499
Telephone and communications	2,190	2,084	-	2,060	6,334
Heat, lights, and utilities	1,846	47,910	-	2,446	52,202
Repairs	228,373	52,351	-	23,852	304,576
Other purchased services	19,561	1,192	-	-	20,753
Interest expense	36,978	5,633	-	83	42,694
Depreciation	247,772	142,443	3,551	16,065	409,831
	1,092,792	819,386	3,551	148,219	2,063,948
OPERATING INCOME (LOSS)	431,125	186,851	(3,551)	73,698	688,123
NON-OPERATING REVENUE (EXPENSE)					
Capital related grants	-	8,808,824	-	-	8,808,824
CHANGE IN NET POSITION	431,125	8,995,675	(3,551)	73,698	9,496,947
BEGINNING NET POSITION	6,975,582	11,349,019	332,826	461,712	19,119,139
ENDING NET POSITION	$ 7,406,707	$ 20,344,694	$ 329,275	$ 535,410	$ 28,616,086

The notes to financial statements are an integral part of these financial statements

CITY OF PRESTON, IDAHO
COMBINED STATEMENT OF CASH FLOWS ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Water Fund	Sewer Fund	Nonmajor Garbage Fund	Nonmajor Hydro Fund	Total Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from revenues	$ 1,411,134	$ 1,005,220	$ (45)	$ 221,340	$ 2,637,649
Interest income	110,804	-	-	-	110,804
Cash paid to suppliers	(343,199)	(187,783)	-	(39,254)	(570,236)
Cash paid to employees	(404,951)	(426,977)	-	(77,141)	(909,069)
Interest expense	(36,978)	(5,633)	-	(83)	(42,694)
Net cash provided (used) by operating activities	736,810	384,827	(45)	104,862	1,226,454
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from investments	(42,303)	(37,205)	(616)	-	(80,124)
Purchase of investments	-	-	-	(13,477)	(13,477)
Net cash (used) by operating activities	(42,303)	(37,205)	(616)	(13,477)	(93,601)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payment on long-term debt	(354,053)	(104,606)	-	(1,667)	(460,326)
Proceeds from loans	-	15,651,796	-	-	15,651,796
Capital related grants	-	9,711,861	-	-	9,711,861
Capital expenditures	(93,291)	(25,366,708)	-	-	(25,459,999)
Net cash (used) by operating activities	(447,344)	(107,657)	-	(1,667)	(556,668)
NET CHANGE IN CASH	247,163	239,965	(661)	89,718	576,185
BEGINNING CASH	2,139,942	1,221,722	154,117	294,297	3,810,078
ENDING CASH	$ 2,387,105	$ 1,461,687	$ 153,456	$ 384,015	$ 4,386,263
PRESENTED IN FINANCIALS AS:					
Cash and cash equivalents	$ 1,997,463	$ 1,453,579	$ 153,456	$ 384,015	$ 3,988,513
Restricted assets - cash	379,755	-	-	-	379,755
	$ 2,377,218	$ 1,453,579	$ 153,456	$ 384,015	$ 4,368,268
RECONCILIATION OF NET INCOME TO NET CASH USED BY OPERATING ACTIVITIES					
NET INCOME (LOSS)	$ 431,125	$ 186,851	$ (3,551)	$ 73,698	$ 688,123
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	247,772	142,443	3,551	16,065	409,831
Pension deferrals-net	40,880	60,300	-	16,443	117,623
(Increase) decrease in assets					
Accounts receivable	(2,754)	(1,017)	(45)	(577)	(4,393)
Increase (decrease) in liabilities					
Accounts payable	26,835	8,172	-	958	35,965
Net pension liability/asset	(16,938)	(24,984)	-	(6,813)	(48,735)
Water deposits	775	-	-	-	775
Accrued compensated absences	9,115	13,062	-	5,088	27,265
Total adjustments	305,685	197,976	3,506	31,164	538,331
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 736,810	$ 384,827	$ (45)	$ 104,862	$ 1,226,454

NONCASH TRANSACTIONS: The sewer fund capitalized $3,737,074 of construction in progress through accounts payable.

The notes to financial statements are an integral part of these financial statements

NOTE 1 - Summary of Significant Accounting Policies

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government

In determining the financial reporting entity, the City complies with the provisions of GASB pronouncements and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

B. Basis of Presentation

Government-wide Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services.

B. Basis of Presentation

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: Governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.

NOTE 1 - Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the City and always classified as a major fund. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

The Street Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for street purposes.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the water, sewer, sanitation and hydro funds.

The City reports the following major proprietary funds:

Water fund - This fund accounts for the operations involved in collecting and distributing culinary water to the citizens of Preston.

Sewer fund - This fund accounts for the operations involved with city sewer services.

Joint Venture

The City is also involved in other joint ventures with other government agencies. The City does not have significant influence over the operations of these joint ventures and therefore has not included any financial information of these joint venture as a component unit. Any receipts received from the joint venture is record as current period revenue.

NOTE 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Measurement Focus

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Budgets and Encumbrances

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

Each month the City prepares a financial report that reflects the actual and budgeted financial data. A strict purchase order system is used in controlling and maintaining expenditures within budget categories. This data is reviewed by the City Council. The City does not use the encumbrance method of accounting.

NOTE 1 - Summary of Significant Accounting Policies (continued)

E. Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all unrestricted and restricted demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

F. Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items.

G. Property, Plant, and Equipment

The accounting treatment over properly, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

Capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to September 30, 2003.

Prior to October, 2003, governmental funds' infrastructure assets were not capitalized. Only new purchases after October 1, 2003 have been capitalized.

Depreciation, of all exhaustible capital assets, is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Structures - Water System and Tanks	50 years
Sewer Plant	50 years
Other structures	30-50 years
Vehicles	3-10 years
Equipment	5-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

H. Restricted Assets

Restricted assets include cash and investments of the general and proprietary funds to be used for improvement bonds, water deposits, and loan requirements.

NOTE 1 - Summary of Significant Accounting Policies (continued)

I. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, capital leases, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. Debt proceeds are reported as other financing sources. Payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

J. Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these unpaid compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

K. Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

a. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

d. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Statements

Governmental fund equity is classified as fund balance. Fund Balance is further classified as:

Nonspendable items - This category includes a portion of net resources that cannot be spent because of the form or because they must be maintained intact. This includes inventories and prepaid items.

Restricted items - This category includes resources where limitations are imposed by external entities, such as grantors and creditors, or to comply with laws and regulations of governments.

NOTE 1 - Summary of Significant Accounting Policies (continued)

K. Equity Classifications

Committed items - This category includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision making authority, the City Council. Commitments may be changed or lifted only by the Council taking the same formal action that imposed the constraint originally.

Assigned items - Assigned items represent the City's intent to use certain resources for specific purposes. The Mayor may establish the intended use of these funds for a designated purpose.

Unassigned items - Represents the remainder of the City's equity in governmental fund-type balances in excess of the aforementioned classifications.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

L. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Pensions

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

N. Revenues, Expenditures, and Expenses

Substantially all governmental fund revenues (including sales taxes, franchise fees, and licenses) are accrued. In addition, revenue from federal and state reimbursement type grants for which eligibility requirements have been met have been accrued and recognized as revenues of the period. All other revenue items are considered to be measurable and available only when cash is received by the City. Governmental expenditures are recognized when the related fund liability is incurred.

Operating revenues for proprietary operations generally result from providing services in connection with a proprietary fund’s principal ongoing operation (e.g., water collection). The principal operating revenue of the proprietary funds is receipts from customers. Operating expenses for these operations includes all costs related to providing the service. These costs include salaries, contractual services, depreciation, and administrative expenses. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

NOTE 1 - Summary of Significant Accounting Policies (continued)

O. Internal Balances

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due to/from other funds on the balance sheet and are eliminated in the government-wide financial statements, with the residual reported as internal balances. Other activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

P. Deferred outflows/Inflows or Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City reports deferred contributions on pension Deferred contributions for the pension plans were made during the fiscal year but are after the measurement date of the actuarial report. These amounts will be recognized during the next measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as inflow of resources (revenue) until that period. The City has two items that qualify for reporting in this category: (1) Unavailable revenue received after the availability period. This includes property taxes received after 60 days. They are reported as deferred inflows on the governmental funds balance sheet and will be recognized as revenue next year. (2) Certain amounts related to pensions must be deferred.

Differences between projected and actual earnings on pension plan investments are deferred and amortized over five years. Changes in pension are deferred and amortized over the expected remaining service lives of employees.

NOTE 2 - Legal Compliance - Budgets

Approximately six to seven months before the start of a new fiscal year, the City's financial officer submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available to the City or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. After public hearings and before the end of the fiscal year, the City Council formally adopts the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations may be necessary.

NOTE 3 - Restricted Assets and Payable from Restricted Assets

Assets have been set aside for special items and are restricted for that purpose. To date cash has been restricted for the following items:

Governmental Funds	
Improvement bonds	$ 293,274
Proprietary Funds	
Loan requirements	379,755
Water deposits	20,689
Total	$ 693,718

Improvement Bonds are monies collected from land owners to insure that improvements are made to the property. Once improvements are made the deposit is returned. If no improvements are made the money is used to make the improvements.

Loan covenants require a separate account for funds to be set aside for at least one year worth of payments per the contract.

Water deposits are collected from individuals who have a history of collection problems. Money on deposit may be used to pay past due balances or is returned when the payer's payment history improves.

NOTE 4 - Property Tax

Franklin County has the responsibility of assessing and collecting all property taxes. Taxes levied for the year are payable in two installments due December 20th of the current year and June 20th of the following year. The County remits property taxes collected to the City monthly.

Property taxes are recognized as revenue when received for monthly reporting purposes. At year end, an accrual is made to recognize property taxes receivable at year end. At year end, $39,925 in outstanding property taxes were expected to be collected and remitted by the County.

NOTE 5 - Concentration of Credit Risk

The organization is subject to credit risk on deposits with banks that exceed the FDIC maximum insured balance amount.

Additionally, the City grants credit to customers in the City for utility service. This extension of credit potentially subjects the City to credit risk.

NOTE 6 - Cash and Cash Deposits

Deposits at year end consist of the following:

Deposits	
Cash on hand	$ 550
Cash in bank	451,023
Deposits with maturity of 3 months or less	
Certificates of deposit	745,883
State of Idaho Investment Pool	6,912,130
Total cash	$ 8,109,586

NOTE 6 - Cash and Cash Deposits (continued)

Legal Provisions Governing Cash Deposits with Financial Institutions - For cash depositories with deposits in excess of federal insurance, State code requires the City to obtain an annual affidavit showing the amount of the financial institution's capital stock and surplus. The City's deposits may not exceed the depository's capital and surplus.

Deposits - Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the government's deposits may not be returned to it. At September 30, 2024, the City had uninsured and uncollateralized deposits amounting to $5,767,594.

Deposits with maturity of 3 months or less, or redeemable on demand with no penalty **-** The elected State Treasurer, following Idaho Code, is authorized to sponsor an investment pool (Pool) that the City voluntarily participates in. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the investment pool is performed by the State Treasurer. Idaho Code defines allowable investments. The fair value of the City's position in the Pool is the same as the value of the Pool. The value of the Pool is not identified with specific investments and are not subject to custodial credit risk. The City's other deposits are stated at fair value which is the amount an investment could be exchanged between willing parties. The Pool is unrated.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of a deposit. In accordance with investment policy, the City manages its exposure to declines in fair value by limiting the average maturity of its deposits to one year or less, or redeemable on demand with no penalty.

Credit Risk is the risk that an issuer or a counterparty to a deposit will not fulfill its obligations. The City seeks to minimize credit risk through diversification of deposits within the choices allowed under state statutes. The certificates of deposit and the State of Idaho investment pool are not subject to custodial credit risk.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Exclusive of the State of Idaho Investment Pool and investments guaranteed by the U.S. government, the City's deposits in any one issuer does not represent a concentration of total credit risk. The funds in the State of Idaho Investment Pool are in a variety of investments which are required to have an A quality credit rating or better.

NOTE 7 - Investments

The City invests idle moneys in accordance with *Idaho Code* Title 57-127 which refers to section 67-1210 and 67-1210A for allowable investments. *Idaho Code* Section 67-1210, allows idle moneys to be invested in certain revenue bonds, general obligations bonds, local improvement district bonds, registered warrants of state and local governmental entities, time deposit accounts, tax anticipation and interest-bearing notes, bonds, treasury bills, debentures or other similar obligations of the United States Government and the Farm Credit System and repurchase agreements.

Idaho Code, Section 67-1210A, additionally authorizes investments in prime banker's acceptances and prime commercial paper, sale and repurchase of call options, securities lending agreements, and bonds, notes, and debentures of any U.S. corporation with at least an A rating by a nationally recognized statistical rating organization such as Standard & Poor's or Moody's.

NOTE 7 - Investments (continued)

The City had the following investments and maturities at year end:

Investment Maturities (in Years)

Investment Type	Fair Value	Less than 1	1-5
Money market mutual fund	$ 45,231	$ 45,231	$ -
US Treasuries	555,918	-	555,918
Federal Home Loan Bank	239,043	-	239,043
Federal Home loan mortgage	256,093	-	256,093
	$ 1,096,285	$ 45,231	$ 495,136

Investment transactions are subject to a variety of risks. The City seeks to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity need and investment quality, and conform with legal requirements.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with investment policy, the City's investments shall have maturities that are consistent with the needs and use of the City The City does not have a specific policy addressing interest rate risk and exposure to declines in fair values. The segmented time distribution method has been used to disclose interest rate risk.

Credit Risk. State law requires investments in corporate bonds to have, at the time of purchase, an A rating or higher by a commonly known rating service. The City's policy follows the State's policy. Credit ratings associated with investments are as follows:

Investment Type	Fair Value	Aaa	Aa	A	Unrated
Money market mutual fund	$ 45,231	$ -	$ -	$ -	$ 45,231
US Treasuries	555,918	555,918	-	-	-
Federal Home Loan Bank	239,043	-	239,043	-	-
Federal Home loan mortgage	256,093	256,093	-	-	-
	$ 1,096,285	$ 812,011	$ 239,043	$ -	$ 45,231

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To address custodial credit risk, the City's policy is to invest in investments which are allowable under Idaho Code Section 67-1210. For certificates of deposit, the City addresses the risk the same way it does for demand deposits which was stated previously.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The city places no limit on the amount the county may invest in any one issuer. The following investments held at year end by the city represent five percent or more of the total investment portfolio:

Issuer	Fair Value	Percent of Portfolio
Federal Home Loan Bank	239,043	21.8%
Federal Home loan mortgage	256,093	23.4%
US Treasuries	555,918	50.7%

NOTE 7 - Investments (continued)

Fair value accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance also establishes a fair value hierarchy that requires a government to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level hierarchy is used as follows:

Level 1: Fair value is determined using quoted prices (adjusted) for identical assets or liabilities in active markets that the government can access at the measurement date.

Level 2: Fair value is determined using inputs - other than quoted prices included within Level 1 - that are observable for an asset or liability, either directly or indirectly, such as quotes prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs are derived principally from or corroborated by observable market data.

Level 3: Fair value is determined using unobservable inputs for an asset or liability and requires the government to develop its own assumptions, based on the best information available in the circumstances, about the considerations market participants would use in pricing the asset or liability.

The following table represents the City's investments that are measured or disclosed at fair value on a recurring basis. The City does not have any financial assets that are measured at fair value on a non-recurring basis.

	Level 1	Level 2	Level 3	Total
Money market mutual fund	$ 45,231	$ -	$ -	$ 45,231
US Treasuries	555,918	-	-	555,918
Federal Home Loan Bank	239,043	-	-	239,043
Federal Home loan mortgage	256,093	-	-	256,093
	$ 1,096,285	$ -	$ -	$ 1,096,285

NOTE 8 - Changes in General Fixed Assets

A summary of governmental capital assets at September 30 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not depreciated				
Land	$ 485,984	$ 675,000	$ -	$ 1,160,984
	485,984	675,000	-	1,160,984
Capital assets, depreciated				
Building and improvements	400,127	-	-	400,127
Other improvements	979,851	122,552	-	1,102,403
Machinery and equipment	2,287,165	115,989	(26,969)	2,376,185
Infrastructure	2,241,018	385,291	-	2,626,309
	5,908,161	623,832	(26,969)	6,505,024
Accumulated	(2,870,859)	(336,254)	26,969	(3,180,144)
Capital assets, net of depreciation	3,037,302	287,578	-	3,324,880
	$ 3,523,286	$ 962,578	$ -	$ 4,485,864

NOTE 8 - Changes in General Fixed Assets - continued

For governmental activities depreciation was charged to functional activities as follows:

Animal control	$ 100
Office	2,720
Police	57,760
Recreation	29,767
Shop	1,322
Street	244,585
	$ 336,254

A summary of proprietary capital assets at September 30 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not depreciated				
Land	$ 478,154	$ -	$ -	$ 478,154
Construction in progress	9,999,745	28,169,388		38,169,133
	10,477,899	28,169,388	-	38,647,287
Capital assets, depreciated				
Water Stock	309,935	-	-	309,935
Improvements	14,981,223	-	-	14,981,223
Equipment	1,527,800	142,643	(18,995)	1,651,448
Hydro Plant	650,621	-	-	650,621
	17,469,579	142,643	(18,995)	17,593,227
Less accumulated depreciation	(8,924,195)	(409,831)	18,995	(9,315,031)
Capital assets, net of depreciation	8,545,384	(267,188)	-	8,278,196
	$19,023,283	$27,902,200	$ -	$ 46,925,483

NOTE 9 - Finance Leases

The City has acquired equipment through capital leases. The total gross amount of vehicles recorded under capital leases amount to $1,281,091, and the accumulated amortization amounts to $947,291. Depreciation expense for the fiscal year for equipment acquired under capital lease amounts to $215,305.

Future payments for capital leases are as follows:

	Governmental Activities		
	Interest	Principal	Total
September 30, 2025	12,022	121,697	133,719
September 30, 2026	6,291	36,389	42,680
September 30, 2027	4,000	22,198	26,198
September 30, 2028	2,083	24,116	26,199
	$ 24,396	$ 204,400	$ 228,796

	Business Type Activities		
	Interest	Principal	Total
September 30, 2025	5,377	46,499	51,876
September 30, 2026	3,210	23,640	26,850
September 30, 2027	1,720	9,703	11,423
September 30, 2028	895	10,527	11,422
	$ 11,202	$ 90,369	$ 101,571

NOTE 10 - Long-term Debt

On February 8, 2021, the City entered into a loan agreement with the Department of Environmental Quality (DEQ) with a project number WW2101. The project is to replace part of the collection system and improve the wastewater treatment system, which includes new headworks, lift station, oxidation ditches, tertiary filtration system, and UV disinfection system. The terms of the loan are $35,188,000 at 1.75% (interest of 0.75% and loan fee of 1.00%) and $716,399 of principal forgiveness plus $471,701 from the Governor Little's Building Idaho's Future Initiative. Of these funds, $32,268,000 is expected to be refinanced by USDA and Rural Development leaving a total obligation to DEQ of $1,731,900 to be repaid in annual installments over 30 years. The loan balance as of September 30, 2024, amounted to $17,230,066.

The City had the following notes payable as of September 30, 2024:

Local bank note payable for city water meters, payable in semi-annual installments of $182,001 including interest at 1.97%, final payment 2028.	$ 1,267,458
DEQ note payable loan DW-9921 for the replacement of aging distribution piping and secondarily for the extension of a distribution line at 2.75% (interest of 1.75% and loan fee of 1.00% to be repaid in biannual installments over 20 years from project completion.	214,870
Total	$ 1,482,328

Principal payments due on long-term debt outstanding at year end and succeeding years are as follows:

	Business Type Activities		
	Interest	Principal	Total
Due before September 30, 2025	$ 29,148	$ 352,497	$ 381,645
Due before September 30, 2026	22,076	359,568	381,644
Due before September 30, 2027	14,862	366,782	381,644
Due before September 30, 2028	7,516	237,769	245,285
Due before September 30, 2029	4,487	13,155	17,642
Due September 30, 2030 to 2034	16,778	71,436	88,214
Due September 30, 2035 to 2039	6,319	81,121	87,440
	$ 101,186	$ 1,482,328	$ 1,583,514

	Balance October 1, 2023	Additions	Deductions	Balance September 30, 2024	Amounts Due Within One Year
Governmental Activities:					
Capital lease	$ 244,545	$ 111,239	$ (151,384)	$ 204,400	$ 121,697
Accrued compensated absences	331,030	65,057	(51,317)	344,770	34,477
Total general long-term debt	$ 575,575	$ 176,296	$ (202,701)	$ 549,170	$ 156,174

NOTE 10 - Long-term Debt - continued

Business-type Activities:	Balance October 1, 2023	Additions	Deductions	Balance September 30, 2024	Amounts Due Within One Year
Local bank note	$ 1,601,547	$ -	$ (334,089)	$ 1,267,458	$ 340,703
DEQ note DW-9921	226,988	-	(12,118)	214,870	11,794
Whitney property note	54,722	-	(54,722)	-	-
DEQ wastewater note WW2101	1,602,458	15,627,608	-	17,230,066	-
Capital lease	125,577	48,376	(83,584)	90,369	46,498
Accrued compensated absences	274,454	85,029	(65,991)	293,492	44,023
	$ 3,885,746	$ 15,761,013	$ (550,504)	$ 19,096,255	$ 443,018

Long-term debt related to accrued compensated absences totaled $638,262. Payment of these amounts depends on when employees use the accrued balance.

NOTE 11 - Litigation

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

NOTE 12 - Employee Retirement Bonus

A retirement bonus is paid to employees who have served the City a number of years. The employer accrues $75 per year of service, but the employee does not become vested until 15 years of service. The maximum retirement bonus accrual is $2,100. Currently six employee's qualify for a total of $11,550 in retirement bonuses.

NOTE 13 - Debt Service Restrictions

The City is allowed to borrow up to 75% of the total amount of the tax levied for the fiscal year.

NOTE 14 - Subsequent Events

Management has evaluated subsequent events through June 19, 2025, the date the financial statements were available to be issued.

NOTE 15 - Tax Abatements

The City does not have any tax abatements.

NOTE 16 - Pension Disclosures

Plan Description

The City of Preston 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.

NOTE 16 - Pension Disclosures - continued

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 as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. The City of Preston's contributions were $186,455 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 Preston 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 Preston'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 .03326414 percent.

For the year ended September 30, 2024, the City of Preston recognized pension expense (revenue) of $341,500. At September 30, 2024, the City of Preston reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 16 - Pension Disclosures - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 198,103	$ -
Changes in assumptions or other inputs	49,293	-
Net difference between projected and actual earnings on pension plan investments	(22,586)	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City of Preston's contributions subsequent to the measurement date	50,694	-
Total	$ 275,504	$ -

An amount of $50,694 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, 2025.

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

Year ended September 30:	
2025	$ 61,413
2026	232,002
2027	(40,008)
2028	(28,597)
2029	-

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 including inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1.00%

NOTE 16 - Pension Disclosures - continued

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%.

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 PERSI'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.

	2024	
Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100%	100.00%

Discount Rate

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

NOTE 16 - Pension Disclosures - continued

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 or 1-percentage-point higher than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 2,364,545	$ 1,244,293	$ 329,333

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2024, the City of Preston reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PRESTON, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	$ 1,763,220	$ 1,763,220	$ 1,763,220	$ -
Resources				
General property taxes	926,000	926,000	925,547	(453)
Franchise fees	113,000	113,000	134,269	21,269
Intergovernmental	721,078	721,078	684,254	(36,824)
Licenses, permits and fines	143,300	143,300	106,714	(36,586)
Grants	75,000	75,000	1,109,949	1,034,949
Interest income	150,000	150,000	335,699	185,699
Parks and recreation	64,000	64,000	76,450	12,450
Miscellaneous	95,100	95,100	269,479	174,379
Amounts available for appropriations	2,287,478	2,287,478	3,642,361	1,354,883
Charges to appropriations				
Mayor and council				
Salaries and benefits	95,967	95,967	67,931	28,036
Travel and meetings	20,000	20,000	10,328	9,672
Other services and charges	13,650	13,650	19,230	(5,580)
	129,617	129,617	97,489	32,128
Office				
Telephone and communications	5,000	5,000	5,482	(482)
Utilities	3,400	3,400	3,837	(437)
Contract services	10,200	10,200	7,992	2,208
Other services and charges	45,300	45,300	44,042	1,258
	63,900	63,900	61,353	2,547
Shop				
Operating supplies	12,200	12,200	11,117	1,083
Utilities	16,000	16,000	20,048	(4,048)
Repairs and maintenance	3,900	3,900	2,601	1,299
Other services and charges	7,100	7,100	4,148	2,952
	39,200	39,200	37,914	1,286
Clerk				
Salaries and benefits	100,323	100,323	117,637	(17,314)
Travel and meetings	1,500	1,500	-	1,500
Other services and charges	900	900	448	452
	102,723	102,723	118,085	(15,362)
Legal				
Contract services	90,000	90,000	68,764	21,236
Other services and charges	9,000	9,000	5,024	3,976
	99,000	99,000	73,788	25,212
Planning and zoning				
Salaries and benefits	87,271	87,271	82,630	4,641
Professional services	6,500	6,500	2,252	4,248
Other services and charges	21,500	21,500	20,015	1,485
	115,271	115,271	104,897	10,374

CITY OF PRESTON, IDAHO
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic development				
Public relations	55,000	55,000	42,339	12,661
Other services and charges	63,000	63,000	22,686	40,314
	118,000	118,000	65,025	52,975
Police				
Salaries and benefits	962,569	962,569	909,022	53,547
Operating supplies	17,850	17,850	13,442	4,408
Minor equipment	17,680	17,680	9,309	8,371
Motor fuel	38,000	38,000	20,846	17,154
Repairs	7,700	7,700	7,134	566
Other services and charges	110,700	110,700	63,388	47,312
Capital outlay, debt service, and interest	71,000	71,000	145,240	(74,240)
	1,225,499	1,225,499	1,168,381	57,118
Dispatch				
Contract services	49,500	49,500	49,500	-
Building inspection				
Contract services	60,200	60,200	27,711	32,489
Animal control				
Salaries and benefits	26,469	26,469	21,401	5,068
Other services and charges	8,450	8,450	5,654	2,796
	34,919	34,919	27,055	7,864
Parks & recreation				
Salaries and benefits	146,224	146,224	84,546	61,678
Operating supplies	5,000	5,000	3,252	1,748
Repairs	126,000	126,000	51,385	74,615
Recreation	62,400	62,400	51,101	11,299
Other services and charges	50,000	50,000	37,668	12,332
Capital outlay	700,000	700,000	715,115	(15,115)
	1,089,624	1,089,624	943,067	146,557
Industrial park				
Contract services	2,000	2,000	800	1,200
Grants	1,000	1,000	-	1,000
Other services and charges	1,000	1,000	384	616
	4,000	4,000	1,184	2,816
Liability and unemployment insurance				
Contract services	52,600	52,600	32,411	20,189
Total charges to appropriations	3,184,053	3,184,053	2,807,860	376,193
Other Financing Sources				
Transfers	-	(388,000)	(388,000)	-
Proceeds from capital leases	-	-	87,051	87,051
Ending budgetary fund balance	$ 866,645	$ 866,645	$ 2,296,772	$ 1,818,127

CITY OF PRESTON, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning budgetary fund balance	$ 1,312,076	$ 1,312,076	$ 1,312,076	$ -
Resources				
General property taxes and sales taxes	386,505	386,505	408,070	21,565
County road and bridge tax	96,000	96,000	182,616	86,616
Intergovernmental	452,850	452,850	461,250	8,400
Grants	-	-	-	-
Miscellaneous	8,000	8,000	23,061	15,061
Amounts available for appropriations	943,355	943,355	1,074,997	131,642
Charges to appropriations				
Salaries and benefits	362,454	362,454	330,385	32,069
Operating supplies	14,700	14,700	1,616	13,084
Contract services	19,500	19,500	16,248	3,252
Motor fuel	20,700	20,700	14,534	6,166
Repairs	499,000	499,000	177,265	321,735
Capital outlay, debt service, and interest	131,452	519,452	600,236	(80,784)
Other services and charges	54,800	54,800	37,439	17,361
Total charges to appropriations	1,102,606	1,490,606	1,177,723	312,883
Other Financing Sources				
Transfers	-	388,000	388,000	-
Proceeds from leases	-	-	24,188	24,188
	-	388,000	412,188	24,188
Ending budgetary fund balance	$ 1,152,825	$ 764,825	$ 1,621,538	$ 468,713

CITY OF PRESTON
SEPTEMBER 30, 2024
Schedule of Employer's Share of Net Pension Liability
PERSI – Base Plan
Last 10 – Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of net the pension liability	0.0332641%	0.0339288%	0.0344904%	0.0363453%	0.0352278%	0.0357756%	0.0371377%	0.0368519%	0.0329689%	0.0331618%
Employer's proportionate share of the net pension liability (asset)	$ 1,244,293	$ 1,353,984	$ 1,358,490	$ (28,705)	$ 818,037	$ 408,370	$ 547,788	$ 579,249	$ 668,331	$ 436,687
Employer's covered-employee payroll	$ 1,567,635	$ 1,439,662	$ 1,348,520	$ 1,348,600	$ 1,242,961	$ 1,204,096	$ 1,183,701	$ 1,134,581	$ 955,805	$ 920,726
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	79.37%	94.05%	100.74%	-2.13%	65.81%	33.92%	46.28%	51.05%	69.92%	47.43%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.86%	87.26%	91.38%

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

Data reported is measured as of June 30, 2024 (measurement date).

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 182,754	$ 177,627	$ 162,397	$ 157,528	$ 153,776	$ 139,823	$ 135,023	$ 127,953	$ 113,886	$ 105,921
Contributions in relation to the statutorily required contribution	182,754	177,627	162,397	157,528	153,776	139,823	135,023	127,953	113,886	105,921
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 1,566,513	$ 1,480,973	$ 1,357,767	$ 1,355,511	$ 1,275,978	$ 1,207,615	$ 1,182,410	$ 1,120,485	$ 997,910	$ 927,452
Contributions as a percentage of covered-employee payroll	11.67%	11.99%	11.96%	11.62%	12.05%	11.58%	11.42%	11.42%	11.41%	11.42%

* 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 District will present information for the years for which information is available.

Data is reported is measured as of September 30, 2024.

CITY OF PRESTON, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/PASS – THROUGH GRANTOR	Assistance Listing No.	Pass-through Entity Identifying Number	Total Federal Expenditures	Subrecipients
Grant Awards				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Idaho Department of Commerce				
Community Development Block Grant	14.228	B20DC160001	$ 31,965	-
Community Development Block Grant	14.228		19,000	
Total Department of Housing and Urban Development		Total	50,965	-
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Safety Cluster				
Passed through the Idaho Department of Transportation				
State and Community Highway Safety	20.600	69A37524300004020IDO	1,447	-
State and Community Highway Safety	20.600	69A37524300004020IDO	1,500	-
State and Community Highway Safety	20.600	69A37524300004020ID1	1,463	-
National Priority Safety Programs	20.616	69A3752430000405DIDM	8,341	-
National Priority Safety Programs	20.616	69A3752430000405BIDL	1,943	-
Total Highway Safety Cluster		Total	14,694	-
Total U.S. Department of Transportation			14,694	-
THE DEPARTMENT OF THE TREASURY				
Coronavirus State and Local Fiscal Recovery Funds	21.027		1,060,290	-
Passed through the Idaho Department of Environmental Quality				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0142	8,012,493	-
Total Department of the Treasury		Total	9,072,783	-
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY				
Passed through the Idaho Department of Environmental Quality				
Wastewater Operator Training Grant Program	66.467	not available	4,118	-
Total United States Environmental Protection Agency		Total	4,118	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Office of Drug Policy				
Substance Abuse and Mental Health Services Administration	93.243	1H79SP080981-01	3,000	-
Total Department of Health and Human Services		Total	3,000	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 9,145,560	$ -

CITY OF PRESTON, IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDRAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Preston under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Preston, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Preston.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C—INDIRECT COST RATE

The City of Preston has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECEIPEINTS

The City did not pass through any grant funds to sub-recipients.

Deaton & Company, Chartered
Certified Public Accountants
215 North 9th, Suite A
Pocatello, ID 83201-5278
(208) 232-5825
Members of the Idaho Society of Certified Public Accountants
Members of the American Institute of Certified Public Accountants



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
City of Preston, 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, each major fund, and the aggregate remaining fund information of City of Preston, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Preston, Idaho's basic financial statements and have issued our report thereon dated June 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Preston, 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 City of Preston, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Preston, 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 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, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies 2024-001.

Report on Compliance and Other Matters

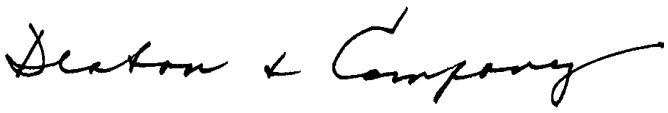
As part of obtaining reasonable assurance about whether City of Preston, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

City of Preston, Idaho's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Preston, Idaho's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Preston, Idaho's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Pocatello, Idaho
June 19, 2025

Deaton & Company, Chartered
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215 North 9th, Suite A
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Preston, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Preston's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of City of Preston's major federal programs for the year ended September 30, 2024. City of Preston's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Deaton & Company

Pocatello, Idaho
June 19, 2025

CITY OF PRESTON, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (PAGE 1 OF 2)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SUMMARY OF AUDITOR'S RESULTS

1) The auditor's report expresses an unmodified opinion on whether the financial statements of City of Preston were prepared in accordance with GAAP.

2) One significant deficiency disclosed during the audit of the financial statements are reported in the report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.

3) No instances of noncompliance material to the financial statements of City of Preston, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4) No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.

5) The auditor's report on compliance for the major federal award programs for City of Preston expresses an unmodified opinion on all major federal programs.

6) There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this Schedule.

7) The program tested as a major program was the Department of the Treasury 21.027, Coronavirus State and Local Fiscal Recovery Funds.

8) The threshold used for distinguishing between Type A and B programs was $750,000.

9) City of Preston was determined to be a high-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

2024-001 Conditions and Criteria: Government Auditing Standards require the reporting entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Effect: The auditing firm was requested to draft the financial statements, notes, and required supplementary information to the financial statements.

Cause: City of Preston's internal control system does not currently require the entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

CITY OF PRESTON, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (PAGE 2 OF 2)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FINDINGS - FINANCIAL STATEMENTS AUDIT - CONTINUED

Views of Responsible Officials and Planned Corrective Actions: Management has determined that it is not cost effective to employ such a person or third party solely to prepare the financial statements and related notes for the audit. The City has elected to have the auditor prepare the financial statements.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENTS AUDIT

2023-001 Conditions and Criteria: Government Auditing Standards require the reporting entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Effect: The auditing firm was requested to draft the financial statements, notes, and required supplementary information to the financial statements.

Cause: City of Preston's internal control system does not currently require the entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Actions: Management has determined that it is not cost effective to employ such a person or third party solely to prepare the financial statements and related notes for the audit. The City has elected to have the auditor prepare the financial statements.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None