CITY OF RATHDRUM, IDAHO

Rathdrum, Idaho

Audited Financial Statements
For the Year Ended
September 30, 2024

CITY OF RATHDRUM, IDAHO

Rathdrum, Idaho

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FINANCIAL SECTION

HAYDEN ROSS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Rathdrum, Idaho
Rathdrum, Idaho 83858

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Unit	Qualified
General Fund	Unmodified
Capital Projects City Hall Facility Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Aggregate Discretely Presented Component Unit

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component unit of City of Rathdrum, Idaho, as of September 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

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

Basis for Qualified and Unmodified 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. The financial statements of the aggregate discretely presented component unit was not audited in accordance with *Government Auditing Standards*. 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 Rathdrum, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Unit

The financial statements of Rathdrum Urban Renewal Agency have not been audited, and we were not engaged to audit the Rathdrum Urban Renewal Agency financial statements as part of our audit of the City of Rathdrum, Idaho's basic financial statements. Rathdrum Urban Renewal Agency's financial activities are included in the City of Rathdrum, Idaho's basic financial statements as an aggregate discretely presented component unit.

Emphasis of Matter

The City has restated beginning net position and fund balances for correction of errors and a change within the reporting entity as further described in Note 14.

Our opinion is not modified with respect to these matters.

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 Rathdrum, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, the budgetary comparison schedules on pages 41 through 42, and the net pension (asset) liability related schedules on page 43 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 inquires, 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 Rathdrum, Idaho's basis financial statements. The accompanying supplementary information and 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 supplementary information and 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 March 31, 2025 on our consideration of City of Rathdrum, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Rathdrum, Idaho's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rathdrum, Idaho's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

As management of City of Rathdrum, Idaho (City), we offer readers of the City's financial statements this narrative discussion, overview, and analysis of the financial activities of the City for the fiscal year ended September 30, 2024.

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 have three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains supplementary information in addition to the basic financial statements.

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 statements present an aggregate view of the City's finances. They contain useful long-term information for the just completed fiscal year.

The Statement of Net Position presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the City, with the difference reported as net position. Over time, increases or decreases in net position 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 net position of the City changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. In the statements, the City's activities are all classified as government activities or business-type activities.

Fund Financial Statements: A fund is a group 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. Fund statements generally report operations in more detail than the government-wide statements.

Some funds are required by state law and bond covenants. The City establishes other funds to control and manage money for particular purposes (i.e. repaying long-term debt). The City has two types of funds: Governmental and Proprietary.

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 near-term inflows and outflows 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 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds: Proprietary funds are used to report activities where user fees and charges are intended to cover the cost of providing a service. Proprietary net position and activities are reported separately in the fund financials.

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

Required Supplementary Information: The budgetary comparison schedules and the net pension (asset) liability schedules provide additional information required by GASB.

Supplementary Information: The supplementary information includes financial information for the combining statements for nonmajor governmental funds (which are shown in the fund financial statements in a single column). This information is provided to address certain specific needs of various uses of the report.

Basis of Accounting

The City's government-wide financial statements are presented on the accrual basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and related assets and liabilities. Under the accrual basis of accounting, receipts and disbursements and related assets and liabilities are recorded when revenues are earned and obligations incurred. Capital purchases are reported as capital assets, depreciated over their useful lives.

Financial Analysis of the City as Whole

Statement of Net Position

For the fiscal year ended September 30, 2024, net position of the City increased by $16,786,585.

Government-Wide Financial Analysis
Net Position of Governmental and Business-type Activities
As of September 30,

	2024	2023	Change
Assets			
Current assets	58,345,154	64,416,172	(6,071,018)
Capital assets	66,504,470	25,956,709	40,547,761
Noncurrent assets	671,683	665,433	6,250
Total Assets	**125,521,307**	**91,038,314**	**34,482,993**
Deferred Outflows of Resources	**786,780**	**1,232,536**	**(445,756)**
Liabilities			
Current liabilities	2,637,433	17,874,608	(15,237,175)
Noncurrent liabilities	3,501,812	3,691,148	(189,336)
Total Liabilities	**6,139,245**	**21,565,756**	**(15,426,511)**
Deferred Inflows of Resources	**5,446,745**	**6,096,818**	**(650,073)**
Net Position			
Net investment in capital assets	66,126,232	25,507,832	40,618,400
Restricted	26,634,771	20,463,349	6,171,422
Unrestricted	21,961,093	18,637,095	3,323,998
Total Net Position	**$114,722,096**	**$64,608,276**	**$50,113,820**

Statement of Activities

Receipts for the City's activities increased by $10,374,964 and expenses increased by $2,061,109.

Government-Wide Financial Analysis
Changes in Net Position of Governmental and Business-type Activities

	2023 - 2024	2022 - 2023	Change
Revenues			
Program Revenues:			
Charges for services	5,493,088	5,213,543	279,545
Operating grants and contributions	129,752	166,749	(36,997)
Capital grants and contributions	1,117,122	150,000	967,122
Taxes	3,626,890	3,511,145	115,745
Intergovernmental revenues	2,276,889	2,112,015	164,874
Licenses and permits	1,232,305	1,362,797	(130,492)
Shared revenue	210,793	173,164	37,629
Interest and investment earnings	2,338,117	1,358,574	979,543
Impact fees	1,599,932	1,408,696	191,236
Hookup and connection fees	2,925,377	3,366,967	(441,590)
Contributed capital	8,109,347	-	8,109,347
Other	798,021	659,019	139,002
Total Revenues	29,857,633	19,482,669	10,374,964
Expenses			
Program Expenses:			
Governmental activities:			
Executive and legislative	79,548	79,963	(415)
Financial and administrative	790,710	759,868	30,842
Law enforcement	2,874,002	2,725,034	148,968
Planning and zoning	284,948	269,481	15,467
Building	242,281	230,454	11,827
Highways and streets	1,400,199	984,584	415,615
Public works	222,127	208,531	13,596
Parks and recreation	1,125,841	1,005,562	120,279
Engineering	237,247	226,172	11,075
Other	76,600	77,746	(1,146)
Cemetery	4,838	15,306	(10,468)
Debt service	7,385	6,787	598
Capital outlay	587,758	17,209	570,549
Amortization	73,882	70,779	3,103
Business-type activities:			
Water	1,728,714	1,396,299	332,415
Sewer	3,334,968	2,936,164	398,804
Total Expenses	13,071,048	11,009,939	2,061,109
Change in Net Position	16,786,585	8,472,730	8,313,855
Net Position – Beginning, as previously reported	64,608,276	56,518,733	
Error correction (Note 14)	33,327,235	(383,187)	
Net Position – Beginning, as restated	97,935,511	56,135,546	
Net Position – Ending	$114,722,096	$ 64,608,276	$ 50,113,820

Governmental Activities

Property taxes, Intergovernmental revenues, and contributed capital were the largest sources of revenue, making up 23%, 14%, and 30% of total governmental revenues, respectively.

The City's impact fees accounted for $1,599,932 or 10% of total governmental revenues.

The law enforcement function accounted for $2,874,002 of the $8,007,366, or 36% of total expenses for governmental activities. The parks and recreation function accounted for $1,125,841 and representing 14% of total governmental expenses. The highway and streets function accounted for $1,400,199 and representing 17% of total governmental expenses.

Overall, the net position for governmental activities increased by $7,980,475.

Business-Type Activities

The net position for business-type activities increased by $8,806,110 during the year, with the major revenue source being charges for services at $5,493,088.

The major category of expenses are related to water at $1,728,714 and sewer at $3,334,968 which accounts for all of the expenses.

Fund Budgetary Highlights

1. General Fund – The general fund revenues were higher than expected and expenditures came in under budget. The change in fund balance was $2,847,073 higher than expected.

2. Capital Projects City Hall Facility Fund – The capital projects revenue came in higher than expected and expenditures came in under budget. The change in fund balance was $247,198 higher than expected.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the City had $66,504,470 invested in capital assets. These assets are necessary to carry out the day-to-day operations of the City.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	1,848,090	1,227,177	1,247,248	1,247,248	3,095,338	2,474,425
Construction in progress	1,057,700	1,040,627	1,176,822	26,597	2,234,522	1,067,224
Buildings and improvements	278,849	281,904	65,354	28,872	344,203	310,776
Computers	69,695	72,244	26,622	39,090	96,317	111,334
Equipment	497,724	589,335	408,575	423,219	906,299	1,012,554
Infrastructure	23,212,004	1,598,704	20,790,363	2,885,326	44,002,367	4,484,030
Land improvements	4,823,200	5,123,827	141,479	144,457	4,964,679	5,268,284
System and improvements	219,529	244,941	9,624,709	9,927,759	9,844,238	10,172,700
Vehicles	782,748	795,630	26,396	-	809,144	795,630
Right-of-Use assets	207,363	259,752	-	-	207,363	259,752
Total	$32,996,902	$11,234,141	$33,507,568	$14,722,568	$66,504,470	$25,956,709

Long-Term Debt

Long-term liabilities are the debt incurred by the City. The debt typically has a maturity date that extends beyond a single annual reporting cycle. Additional information on long-term debt can be found in Note 7.

Requests for Information. This financial report is designed to provide a general overview of the City of Rathdrum, Idaho's finances for all those with interest in the government's finances. If you have questions about this report or need additional financial information, contact the City Clerk's Office, 8047 W Main St., Rathdrum, Idaho 83858.

FINANCIAL STATEMENTS

CITY OF RATHDRUM, IDAHO
Rathdrum, Idaho

STATEMENT OF NET POSITION
September 30, 2024

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business-type Activities	Total	Rathdrum Urban Renewal Agency (Unaudited)
Assets				
Current assets:				
Cash	881,814	-	881,814	191,140
Investments	19,383,619	8,667,307	28,050,926	-
Receivables:				
Taxes receivable	58,482	-	58,482	-
Unbilled taxes receivable	3,760,436	-	3,760,436	-
Due from other funds	-	905,106	905,106	-
Due from other governments	536,007	-	536,007	-
Customer accounts (net)	-	537,226	537,226	-
Other receivables	109,322	-	109,322	-
Restricted current assets:				
Cash and investments	-	23,379,448	23,379,448	-
Prepaid items	50,330	18,931	69,261	-
Current portion of lease receivable	57,126	-	57,126	-
Total current assets	24,837,136	33,508,018	58,345,154	191,140
Noncurrent assets:				
Lease receivable, less current portion	671,683	-	671,683	-
Non-depreciable capital assets	2,905,790	2,424,070	5,329,860	-
Depreciable capital assets (net of accumulated depreciation)	29,883,749	31,083,498	60,967,247	-
Right-of-use asset	363,854	-	363,854	-
Less: accumulated amortization	(156,491)	-	(156,491)	-
Total noncurrent assets	33,668,585	33,507,568	67,176,153	-
Total assets	58,505,721	67,015,586	125,521,307	191,140
Deferred Outflows of Resources				
Pension related items	643,586	143,194	786,780	-
Liabilities				
Current liabilities:				
Accounts payable	136,111	1,140,726	1,276,837	-
Due to City of Rathdrum	-	-	-	39,266
Due to other funds	905,106	-	905,106	-
Due to other governments	-	40,888	40,888	-
Impact fees payable	11,472	-	11,472	-
Deposits payable	9,050	120,416	129,466	-
Accrued wages and benefits payable	133,989	33,309	167,298	-
Accrued interest	5,045	6,156	11,201	-
Current portion of right-of-use lease liability	72,479	-	72,479	-
Current portion of bonds payable	-	22,686	22,686	-
Total current liabilities	1,273,252	1,364,181	2,637,433	39,266
Noncurrent liabilities:				
Accrued compensated absences	311,157	70,745	381,902	-
Net pension liability	2,320,533	516,304	2,836,837	-
Right-of-use lease liability, less current portion	129,942	-	129,942	-
Bonds payable, less current portion	-	153,131	153,131	-
Total noncurrent liabilities	2,761,632	740,180	3,501,812	-
Total liabilities	4,034,884	2,104,361	6,139,245	39,266
Deferred Inflows of Resources				
Unavailable tax revenue	3,760,436	-	3,760,436	-
Deferred grant revenue	158,457	851,006	1,009,463	-
Leases	675,551	-	675,551	-
Pension related items	1,059	236	1,295	-
Total deferred inflows of resources	4,595,503	851,242	5,446,745	-
Net Position				
Net investment in capital assets	32,794,481	33,331,751	66,126,232	-
Restricted	3,255,323	23,379,448	26,634,771	151,874
Unrestricted	14,469,116	7,491,978	21,961,094	-
Total net position	$ 50,518,920	$ 64,203,177	$ 114,722,097	$ 151,874

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

		Program Revenues			Net Revenue (Expense) and Changes in Net Position			
								Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Rathdrum Urban Renewal Agency (Unaudited)
FUNCTIONS/PROGRAMS								
Governmental activities:								
Executive and legislative	79,548	-	-	-	(79,548)	-	(79,548)	-
Financial and administrative	790,709	-	-	-	(790,709)	-	(790,709)	-
Law enforcement	2,874,002	-	65,889	-	(2,808,113)	-	(2,808,113)	-
Planning and zoning	284,948	-	-	-	(284,948)	-	(284,948)	-
Building	242,281	-	-	-	(242,281)	-	(242,281)	-
Highways and streets	1,400,199	-	-	-	(1,400,199)	-	(1,400,199)	-
Public works	222,127	-	-	-	(222,127)	-	(222,127)	-
Parks and recreation	1,125,841	-	63,863	-	(1,061,978)	-	(1,061,978)	-
Engineering	237,247	-	-	-	(237,247)	-	(237,247)	-
Other	76,600	-	-	-	(76,600)	-	(76,600)	-
Cemetery	4,838	-	-	-	(4,838)	-	(4,838)	-
Debt service	7,385	-	-	-	(7,385)	-	(7,385)	-
Capital outlay	587,758	-	-	-	(587,758)	-	(587,758)	-
Amortization	73,882	-	-	-	(73,882)	-	(73,882)	-
Total governmental activities	8,007,365	-	129,752	-	(7,877,613)	-	(7,877,613)	-
Business-type activities:								
Water	1,728,714	1,304,151	-	-	-	(424,563)	(424,563)	-
Sewer	3,334,968	4,188,937	-	1,117,122	-	1,971,091	1,971,091	-
Total business-type activities	5,063,682	5,493,088	-	1,117,122	-	1,546,528	1,546,528	-
Total primary government	$ 13,071,047	$ 5,493,088	$ 129,752	$ 1,117,122	(7,877,613)	1,546,528	(6,331,085)	-
Component Unit:								
Rathdrum Urban Renewal	$ 1,461	$ -	$ -	$ -				(1,461)
		General revenues						
		Taxes			3,626,890	-	3,626,890	62,531
		Intergovernmental			2,276,889	-	2,276,889	-
		Interest earnings			1,414,174	923,943	2,338,117	-
		Licenses and permits			1,232,305	-	1,232,305	-
		Shared revenue			210,793	-	210,793	-
		Miscellaneous			534,806	-	534,806	-
		Impact fees			1,599,932	-	1,599,932	-
		Enforcement and protective services			95,224	-	95,224	-
		Hookup and connection fees			-	2,925,377	2,925,377	-
		Donated assets			4,699,085	3,410,262	8,109,347	-
		Unrealized gain (loss) on investments			167,991	-	167,991	-
		Total general revenues			15,858,089	7,259,582	23,117,671	62,531
		Change in net position			7,980,476	8,806,110	16,786,586	61,070
		Net position - beginning, as previously reported			24,206,567	40,401,709	64,608,276	90,804
		Error correction (Note 14)			18,331,877	14,995,358	33,327,235	-
		Net position - beginning, as restated			42,538,444	55,397,067	97,935,511	90,804
		Net position - ending			$ 50,518,920	$ 64,203,177	$ 114,722,097	$ 151,874

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General	Capital Projects City Hall Facility	Nonmajor Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Cash	881,814	-	-	881,814
Investments	11,469,248	4,676,924	3,237,447	19,383,619
Receivables:				
Taxes receivable	58,482	-	-	58,482
Unbilled taxes receivable	3,760,436	-	-	3,760,436
Due from other funds	-	-	61,399	61,399
Due from other governments	536,007	-	-	536,007
Other receivables	109,322	-		109,322
Lease receivable	728,809	-	-	728,809
Prepaid items	50,330	-	-	50,330
Total assets	17,594,448	4,676,924	3,298,846	25,570,218
Deferred outflows of resources	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 17,594,448	$ 4,676,924	$ 3,298,846	$ 25,570,218
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	136,111	-	-	136,111
Impact fees payable	11,472	-	-	11,472
Accrued wages and benefits payable	133,989	-	-	133,989
Due to other funds	915,595	7,387	43,523	966,505
Deposit payable	9,050	-	-	9,050
Total liabilities	1,206,217	7,387	43,523	1,257,127
Deferred inflows of resources:				
Deferred revenue	50,859	-	-	50,859
Deferred grant revenue	158,457	-	-	158,457
Leases	675,551	-	-	675,551
Unavailable property tax revenue	3,760,436	-	-	3,760,436
Total deferred inflows of resources	4,645,303	-	-	4,645,303
Fund balances:				
Nonspendable	50,330	-	-	50,330
Assigned:				
Operational reserve	1,088,887	-	-	1,088,887
Capital improvements	80,130	-	-	80,130
City hall building fund	-	4,669,537	-	4,669,537
Road rehabilitation	24,692	-	-	24,692
Restricted	-	-	3,255,323	3,255,323
Unassigned	10,498,889	-	-	10,498,889
Total fund balances	11,742,928	4,669,537	3,255,323	19,667,788
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 17,594,448	$ 4,676,924	$ 3,298,846	$ 25,570,218

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total fund balances - governmental funds		19,667,788
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 as assets in governmental funds.		
Cost of capital assets	41,982,949	
Accumulated depreciation	(9,193,410)	
		32,789,539
Right-of-use lease assets used in governmental activities are not financial resources and therefore are not reported as assets in the government funds.		
Cost of right-of-use lease assets	363,854	
Accumulated amortization	(156,491)	
		207,363
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		50,859
Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in future periods for governmental activities:		
Deferred outflow of resources		643,586
Deferred inflow of resources		(1,059)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is reported when paid.		(5,045)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Accrued compensated absences		(311,157)
Net pension liability		(2,320,533)
Right-of-use lease liability		(202,421)
Total net position - governmental activities		$ 50,518,920

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

	General	Capital Projects City Hall Facility	Circulation Impact Fees (formerly major)	Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	3,656,249	-	-	-	3,656,249
Intergovernmental	2,406,641	-	-	-	2,406,641
Licenses and permits	1,232,305	-	-	-	1,232,305
Shared revenue	210,793	-	-	-	210,793
Enforcement and protective services	95,224	-	-	-	95,224
Plot sales	-	-	-	18,190	18,190
Miscellaneous	500,359	-	-	16,257	516,616
Impact fees	-	-	-	1,599,932	1,599,932
Interest and investment earnings	1,080,840	160,204	-	173,130	1,414,174
Total revenues	9,182,411	160,204	-	1,807,509	11,150,124
EXPENDITURES					
Executive and legislative	74,943	-	-	-	74,943
Financial and administrative	674,370	50,997	-	-	725,367
Law enforcement	2,587,502	-	-	-	2,587,502
Planning and zoning	264,873	-	-	-	264,873
Building	229,845	-	-	-	229,845
Highways and streets	482,508	-	-	-	482,508
Public works	207,274	-	-	-	207,274
Parks and recreation	958,311	-	-	-	958,311
Engineering	225,133	-	-	-	225,133
Other	8,334	-	-	-	8,334
Cemetery	-	-	-	1,530	1,530
Capital outlay	546,137	-	-	360,633	906,770
Debt service	78,112	-	-	-	78,112
Total expenditures	6,337,342	50,997	-	362,163	6,750,502
			-		
Excess (deficiency) of revenue over (under) expenditures	2,845,069	109,207	-	1,445,346	4,399,622
Other financing sources (uses)					
Proceeds from ROU lease	20,296	-	-	-	20,296
Unrealized gain(loss) on investments	-	167,991	-	-	167,991
Total other financing sources (uses)	20,296	167,991	-	-	188,287
Net change in fund balance	2,865,365	277,198	-	1,445,346	4,587,909
Fund balance - beginning of year, as previously reported	8,879,451	4,392,339	(607,095)	2,207,595	14,872,290
Error correction (Note 14)	(1,888)	-	-	209,477	207,589
Change within reporting entity (Note 14)	-	-	607,095	(607,095)	-
Fund balance - beginning of year, as restated	8,877,563	4,392,339	-	1,809,977	15,079,879
Fund balance - end of year	$ 11,742,928	$ 4,669,537	$ -	$ 3,255,323	$ 19,667,788

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

Net change in fund balances - total governmental funds		4,587,909
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Donated assets	4,699,085	
Capital outlays	297,519	
Depreciation expense	(1,305,742)	
		3,690,862
Capital outlays to lease right-of-use assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual amortization expense in the statement of activities.		
Right-of-use lease assets	21,493	
Amortization expense	(73,882)	
		(52,389)
Some property taxes will not be collected for several months after the City's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are recorded as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.		(29,359)
Net pension (asset) liability adjustments:		
Fiscal year 2023 employer PERSI contributions recognized as pension expense in the current year.	(73,679)	
Fiscal year 2024 employer PERSI contributions deferred to subsequent year	85,740	
Pension related amortization expense	(251,957)	
		(239,896)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditure is recorded when due.		1,194
Proceeds from the issuance of right-of-use lease debt is revenue in the governmental funds, but the issuance increases long-term debt in the Statement of Net Position		(20,296)
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces liabilities in the statement of net position.		69,533
Compensated absences are accrued and expensed in the statements of net position and activities. However, in the governmental funds, the accrual and expense did not meet the same criteria.		(27,082)
Total change in net position - governmental activities		$ 7,980,476

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2024

	Water	Sewer	Total
ASSETS			
Current assets:			
Due from other funds	523,427	381,679	905,106
Investments	83,876	8,583,431	8,667,307
Receivables:			
Accounts receivable, net	137,563	399,663	537,226
Restricted current assets:			
Cash and investments	12,447,231	10,932,217	23,379,448
Prepaid items	10,839	8,092	18,931
Total current assets	13,202,936	20,305,082	33,508,018
Noncurrent assets:			
Land	111,448	1,135,800	1,247,248
Construction in progress	-	1,176,822	1,176,822
Depreciable assets	24,877,818	17,219,502	42,097,320
Less: accumulated depreciation	(6,351,193)	(4,662,629)	(11,013,822)
Net noncurrent assets	18,638,073	14,869,495	33,507,568
Total assets	31,841,009	35,174,577	67,015,586
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	71,597	71,597	143,194
LIABILITIES			
Current liabilities:			
Accounts payable	30,293	1,110,433	1,140,726
Due to other governments	-	40,888	40,888
Deposits payable	50,662	69,754	120,416
Accrued wages and benefits payable	16,655	16,654	33,309
Accrued interest payable	-	6,156	6,156
Current portion of bonds payable	-	22,686	22,686
Total current liabilities	97,610	1,266,571	1,364,181
Noncurrent liabilities:			
Accrued compensated absences	35,280	35,465	70,745
Net pension liability	258,152	258,152	516,304
Bonds payable, net of current portion	-	153,131	153,131
Total noncurrent liabilities	293,432	446,748	740,180
Total liabilities	391,042	1,713,319	2,104,361
DEFERRED INFLOWS OF RESOURCES			
Deferred grant revenue	-	851,006	851,006
Pension related items	118	118	236
Total deferred inflows of resources	118	851,124	851,242
NET POSITION			
Net investment in capital assets	18,638,073	14,693,678	33,331,751
Restricted	12,447,231	10,932,217	23,379,448
Unrestricted	436,142	7,055,836	7,491,978
Total net position	$ 31,521,446	$ 32,681,731	$ 64,203,177

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended September 30, 2024

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	1,466,777	4,188,937	5,655,714
Total operating revenues	1,466,777	4,188,937	5,655,714
OPERATING EXPENSES			
Administration fee	321,177	325,725	646,902
Depreciation	562,263	388,129	950,392
Pump	291,673	45,627	337,300
Transmission	544,888	388,499	933,387
Other	8,713	1,358	10,071
Sewer treatment	-	2,174,546	2,174,546
Total operating expenses	1,728,714	3,323,884	5,052,598
Operating income (loss)	(261,937)	865,053	603,116
NON-OPERATING REVENUES (EXPENSES)			
Grant income	-	1,117,122	1,117,122
Hookup and connection fees	1,598,294	1,164,457	2,762,751
Donated assets	2,272,585	1,137,677	3,410,262
Interest earnings	407,795	516,148	923,943
Interest expense	-	(11,084)	(11,084)
Total non-operating revenues (expenses)	4,278,674	3,924,320	8,202,994
Change in net position	4,016,737	4,789,373	8,806,110
Net position - beginning of year, as previously reported	18,812,115	21,589,594	40,401,709
Error correction (Note 14)	8,692,594	6,302,764	14,995,358
Net position - beginning of year, as restated	27,504,709	27,892,358	55,397,067
Net position - end of year	$ 31,521,446	$ 32,681,731	$ 64,203,177

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	1,535,204	4,373,446	5,908,650
Cash payments to suppliers and employees	(1,462,961)	(2,193,469)	(3,656,430)
Net cash provided by (used in) operating activities	72,243	2,179,977	2,252,220
CASH FLOWS FROM INVESTING ACTIVITIES:			
Earnings on idle cash and investments	407,795	516,148	923,943
Net cash provided by (used in) investing activities	407,795	516,148	923,943
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash paid for capital assets	(125,698)	(1,204,074)	(1,329,772)
Cash paid for interest on bond payable	-	(11,833)	(11,833)
Cash paid for principal of bond payable	-	(21,402)	(21,402)
Net cash provided by (used in) capital and related financing activities	(125,698)	(1,237,309)	(1,363,007)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from (paid to) other funds	5,081,478	10,064,226	15,145,704
Cash received from hook-up fees	1,598,294	934,176	2,532,470
Net cash provided by (used in) noncapital financing activities	6,679,772	10,998,402	17,678,174
Change in cash and cash equivalents	7,034,112	12,457,218	19,491,330
Cash and cash equivalents - beginning of year	5,496,995	7,058,430	12,555,425
Cash and cash equivalents - end of year	$ 12,531,107	$ 19,515,648	$ 32,046,755
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	(261,937)	865,053	603,116
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	562,263	388,129	950,392
Change in pension related items:			
Deferred outflows of resources	36,374	37,976	74,350
Deferred inflows of resources	(184)	(189)	(373)
Decrease (increase) in assets:			
Accounts receivable	130,507	151,961	282,468
Prepaid items	13,908	13,829	27,737
Increase (decrease) in liabilities:			
Accounts payable	(343,687)	697,276	353,589
Accrued salaries and payroll taxes	669	668	1,337
Accrued compensated absences	(1,095)	(911)	(2,006)
Customer deposits	(62,080)	32,548	(29,532)
Net pension liability	(2,495)	(6,363)	(8,858)
Net cash provided by (used in) operating activities	$ 72,243	$ 2,179,977	$ 2,252,220
Cash and Cash Equivalents Reconciliation			
Restricted cash and cash equivalents	12,447,231	10,932,217	23,379,448
Unrestricted cash and cash equivalents	83,876	8,583,431	8,667,307
Total cash and cash equivalents	$ 12,531,107	$ 19,515,648	$ 32,046,755

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 Significant Accounting Policies

Reporting Entity – The City of Rathdrum, Idaho's (the "City") combined financial statements include the accounts of all City operations. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Based on the aforementioned criteria, the City has one discretely presented component unit. The City is municipality of the State of Idaho. The City has oversight responsibility and control over all activities related to the City's functions. The City is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since the public elects the City council members.

The accompanying financial statements include all aspects controlled by the City Council of the City. Criteria for inclusion is determined by Governmental Accounting Standards Board Statement No. 61 (GASB No. 61) which states, in general, the legally separate organization for which the elected officials of the City are financially accountable for must be included in the City's financial statements as a component unit.

Under Idaho Code, in February 2017 the Rathdrum City Council passed an ordinance which created the Rathdrum Urban Renewal Agency (the Agency), a legally separate entity from the City. The Agency was established to promote urban development and improvement in blighted areas in and around the City. A board of five commissioners, which are appointed by the City Council, governs the Agency. The City Council has the ability to appoint, hire, reassign, or dismiss those persons having responsibility for the day-to-day operations of the Agency. These powers of the City meet the criteria set forth in GASB No. 61 for having financial accountability for the Agency. Based on the above, the Agency has been discretely presented in the accompanying financial statements of the City as a component unit. The Agency did not have an audit requirement for the fiscal year ended September 30, 2024; therefore, there are not separate audited financial statements for the Agency. The Agency financial information has been included as unaudited in the City's September 30, 2024 audited financial statements.

Payments Between the City and Component Unit – Resource flows (except those that affect the statement of net position, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions – that is, as revenues and expenses.

The Agency operates in the same fiscal year as the City.

Basis of Presentation, Fund Accounting - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, normally supported by taxes and

NOTE 1 Significant Accounting Policies (Continued)

intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The City reports the following major funds:

Governmental Funds

- General Fund – This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Capital Projects City Hall Facility Fund – This fund accounts for financial resources to be used for the capital project – new City Hall.

Proprietary Funds

- Water Fund – This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.
- Sewer Fund – This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing sewer services to the general public on a continuing basis are financed through user charges.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Likewise, general revenue includes all taxes.

NOTE 1 Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from non-operating items. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Basis of Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental fund to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

Under the terms of grant agreements, the City funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Restricted Resources - The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Cash and Investments - The City's cash includes amounts in demand deposits and checking accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool, which allow cities within the state of Idaho to pool their funds for investments purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Short-term Interfund Receivables/Payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

NOTE 1 Significant Accounting Policies (Continued)

Inventory - The City does not record inventory items at year end due to the small number and values of items on hand. All supplies are recorded as expenditures in the period in which they are purchased.

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

All purchases and improvements to facilities, which are not considered repairs, are capitalized and depreciated using the straight-line method in the government-wide statements. The estimated useful lives are as follows:

Buildings and improvements	20-40 years
Infrastructure	20-30 years
Equipment	5-15 years
Furniture and fixtures	5-10 years
Computers	3-5 years
Licensed vehicles	5-7 years
Water and sewer systems	20-100 years

The City has set a capitalization threshold of $10,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Leases - The City evaluates each lease at inception to determine the reporting requirements of each lease. Leases that met the definition of a right-of-use (ROU) lease are included as ROU lease assets and ROU lease liabilities on the government-wide financial statements.

ROU assets represent the City's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the City's incremental borrowing rate, based on the information available at commencement date, is used to determine the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option(s) will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with a maximum term of 12 months or less are excluded from the ROU asset and liability amounts.

Subscription-based Information Technology Arrangements (SBITA) - The City evaluates each subscription at the time of inception to determine the reporting requirements of each subscription. SBITAs that met the definition of a right-of-use (ROU) agreement are included as SBITA ROU assets and SBITA ROU liabilities on the government-wide financial statements.

NOTE 1 Significant Accounting Policies (Continued)

ROU assets represent the City's right to use an underlying IT asset for the IT contract term and ROU liabilities represent the obligation to make lease payments arising from the contract. SBITA ROU assets and liabilities are recognized at commencement date based on the present value of contact payments over the IT contract term. As most of the contracts do not provide an implicit rate, the City's incremental borrowing rate, based on the information available at commencement date, is used to determine the present value of contract payments. The IT contract terms may include options to extend or terminate the contract when it is reasonably certain that the option(s) will be exercised. SBITA expense for contract payments is recognized on a straight-line basis over the contract term. IT contracts with a maximum term of 12 months or less are excluded from the SBITA ROU asset and liability amounts.

Encumbrances - The City does not follow the practice of encumbering funds at year end.

Fund Balance - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers (grants), or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, City Council. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, *assigned* fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. The City applies committed resources, then assigned resources, then unassigned resources when an expenditure is incurred for purposes for which all fund balances classifications are available.

Restricted balances are as follows:

- **Impact Fees –** These restricted funds are used to fund circulation, police, and park expenditures.

- **Cemetery –** These restricted funds are used to fund cemetery expenditures.

Assigned balances are as follows:

- **Operational reserve –** These assigned funds are for the operation of the general fund.

- **City hall building fund –** These assigned funds are for the new City hall capital project.

- **Capital improvement –** These assigned funds are for future capital purchases.

- **Road rehabilitation –** These assigned funds are for city-wide road projects.

NOTE 1 Significant Accounting Policies (Continued)

Nonspendable balances are as follows:

- **Prepaid items** – These are certain payments related to the next fiscal year paid at yearend.

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

Deferred Revenue - Deferred revenue in the general fund represents property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

Deferred Grant Revenue - Deferred grant revenue represent grant money that has been received but not yet earned.

Compensated Absences – The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned as if the employees' rights to receive contribution are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees who qualify.

Employees eligible for leave include full-time equivalent employees that work a minimum of forty (40) hours per week and completed six (6) months of full-time employment. Employees accrue PTO based on their years of service. During the first two years of employment, a full-time equivalent employee accrued 4.92 hours per pay period. During the third, fourth and fifth years of employee, an employee accrues 6.46 hours per pay period, from six to ten years of employment, 7.38 hours per period, from eleven to fifteen years of employment, 8.61 hours per pay period, and employees with sixteen or more years of employment, 9.90 hours per pay period. The maximum unused personal time off a full-time employee may accumulate is 912 hours.

On September 30th of each year, any excess over the maximum amount will be donated to the City's "sick bank", a shared pool of sick leave available to employees who need more sick time than is available to them. Upon termination of employment from the City, an employee be paid for that unused PTO accrual up to a maximum of 240 hours.

Unavailable Tax Revenue - Unavailable tax revenue in the general fund represents the property taxes levied for 2024 that is measurable but unavailable to the City, and therefore recorded as a deferred inflow of resources in both the governmental fund and the government-wide financial statements.

Subsequent Events - Management has evaluated subsequent events through the date of the audit report. This is the date the financial statements were available to be issued. Management has concluded that no material subsequent events have occurred.

NOTE 2 Stewardship, Compliance, and Accountability

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

1. The Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at the City Hall to obtain taxpayer comments. A notice of the time and place of the proposed public hearing on the budget must be published twice, at least seven days apart, in the official newspaper of the community.

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

The City Council may, at any time during the fiscal year, by using the same procedure which was used in adopting the original appropriation ordinance, amend the appropriation ordinance to a greater amount than adopted. However, this can only happen if, after the adoption of the regular appropriation ordinance, the City receives additional revenue in that fiscal year as a result of an increase in state and federal grants or allocations.

However, other than the foregoing exception, there can be no further appropriations made during the fiscal year unless the proposal to make each new appropriation has been sanctioned by two-thirds of the legal voters of the City. The voters can sanction the new appropriation by a petition signed by the number of voters equal to the majority who voted in the last general City election, or they can sanction it by a majority of favorable votes in a special election. Whichever method is used, all appropriations end with the fiscal year for which they were made.

NOTE 3 Recently Adopted Accounting Guidance

For the year ended September 30, 2024, there was one new GASB statement that became effective. The adoption of the statement has the following effect for the City:

GASB Statement No. 100, Accounting Changes and Error Corrections – This statement delineates required note disclosures when there is a reported accounting change or correction of an error. This statement had an effect on the financial reporting of the City, see Note 14.

NOTE 4 Property Tax

The City's property tax is recognized as an asset at the time the City has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the period for which the taxes are levied. For FY2024, the City has recognized the **2023** levy as revenue and the tax year 2024 levy as an asset.

NOTE 4 Property Tax (Continued)

*Tax Year **2023** Levy (FY2024 Revenue)*

The market value upon which the **2023** levy was based was $1,651,446,462. The property tax was levied in October **2023** and was due in two equal installments on December 20th and June 20th.

The total tax levy (per $100 of value) for the year was as follows:

	Percentage	Amount
Levy	20.86059	$3,445,014

Tax Year 2024 Levy (FY2024 Asset)

The property tax levy for 2024 has been recorded as an asset in the general fund in the amount of $3,760,436. This levy is for the FY2025 operations and has been presented as unavailable property tax revenue.

Deferred Revenue

To the extent property taxes are not collected within 60 days of the end of the accounting period, a deferred revenue amount has been recorded.

Total taxes receivable as of September 30, 2024	58,482
Less: Taxes collected by November 30, 2024	(7,623)
Total deferred tax revenue	$ 50,859

NOTE 5 Cash and Investments

Components of cash at September 30, 2024 are as follows:

	Carrying Amount	Bank Balance
Checking and Savings	972,800	1,112,389
Cash on Hand	709	-
	$973,509	$1,112,389

Deposits were with Umpqua Bank of which $250,000 was covered by Federal Deposit Insurance. Any balance that is in excess of the FDIC insured limit is uncollateralized and unsecured. The balance of $812,838 at Umpqua Bank was in excess of the FDIC insured limit and uncollateralized.

NOTE 5 Cash and Investments (Continued)

Investments

Detail of investments at September 30, 2024 are as follows:

	Rate	Total
State Treasurer's Pool	Variable	46,683,937
Diversified Bond Fund	Variable	4,654,742
Total		$ 51,338,679

Investment Maturities

External Investment Pool	Book Value	Market Value	Less than 1 Year	1-8 Years
State Treasurer's Pool	46,683,937	46,683,937	46,683,937	-
Diversified Bond Fund	4,863,447	4,654,742	4,654,742	-
Pool	$ 51,547,384	$ 51,338,679	$ 51,338,679	$ -

State Treasurer's Pool (LGIP) - The LGIP is managed by the State of Idaho Treasurer's office. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

The State Treasurer's investment policy and the Local Government Investment Pool financial statements which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

Participants have overnight availability to their funds, up to $10 million. Withdrawals of $10 million or more require three business days' notification.

Diversified Bond Fund (DBF) – The DBF is managed by the State of Idaho Treasurer's office as an alternative investment to the short-term investment fund, LGIP, for those entities who are able to assume less liquidity and more price volatility for the potential of greater returns over the long run. The DBF fund is recorded using the net asset value per share based on the City's pro-rata share of the pool's net position. The funds of the DBF are invested in corporate bonds, mortgage-backed securities, government agency securities, U.S. government securities, and money market funds.

NOTE 5 Cash and Investments (Continued)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the City at year-end are not required to be rated. The City does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the City is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 106 days. The City does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any on issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The City does not have a policy limiting the amount it may invest in any one issuer.

NOTE 6 Capital Assets

Capital asset activity of the City's governmental activities is as follows:

	Begininng Balance	Restatement (See Note 14)	Additions	Disposals	Transfers	Ending Balance
Capital assets, not depreciated						
Land	1,227,177	-	-	-	620,913	1,848,090
Construction in progress	1,040,627	-	637,986	-	(620,913)	1,057,700
Total capital assets, not depreciated	2,267,804	-	637,986	-	-	2,905,790
Capital assets, depreciated						
Buildings and improvements	715,496	-	28,980	-	-	744,476
Computers	154,472	-	21,382	-	-	175,854
Equipment	1,687,448	-	31,093	-	-	1,718,541
Infrastructure	3,149,072	19,587,980	4,078,173	-	-	26,815,225
Land Improvements	7,040,371	-	22,500	-	-	7,062,871
System and improvements	344,477	-	-	-	-	344,477
Vehicles	2,039,225	-	176,490	-	-	2,215,715
Right-of-use	354,542	-	21,493	(12,181)	-	363,854
Total capital assets, depreciated	15,485,103	19,587,980	4,380,111	(12,181)	-	39,441,013
Less: accumulated depreciation and amortization						
Buildings and improvements	(433,592)	-	(32,035)	-	-	(465,627)
Computers	(82,228)	-	(23,931)	-	-	(106,159)
Equipment	(1,098,113)	-	(122,704)	-	-	(1,220,817)
Infrastructure	(1,550,368)	(1,463,692)	(589,161)	-	-	(3,603,221)
Land Improvements	(1,916,544)	-	(323,127)	-	-	(2,239,671)
System and improvements	(99,536)	-	(25,412)	-	-	(124,948)
Vehicles	(1,243,595)	-	(189,372)	-	-	(1,432,967)
Right-of-use	(94,790)	-	(73,882)	12,181	-	(156,491)
Total accumulated depreciation and amortization	(6,518,766)	(1,463,692)	(1,379,624)	12,181	-	(9,349,901)
Net capital assets, depreciated	8,966,337	18,124,288	3,000,487	-	-	30,091,112
Total capital assets, net	$11,234,141	$ 18,124,288	$ 3,638,473	$ -	$ -	$32,996,902

During FY2024, depreciation expense was charged to functions as follows:

Financial and Administrative	9,076
Law Enforcement	171,114
Planning and Zoning	5,468
Building	68,266
Highway and Streets	910,211
Public Works	7,462
Parks and Recreation	130,837
Cemetery	3,308
Total	$1,305,742

NOTE 6 Capital Assets (Continued)

Capital asset activity of the City's business-type activities is as follows:

	Beginning Balance	Restatement (See Note 14)	Additions	Disposals	Ending Balance
Capital assets, not depreciated					
Construction in progress	26,597	-	1,150,225	-	1,176,822
Land	1,247,248	-	-	-	1,247,248
Total capital assets, not depreciated	1,273,845	-	1,150,225	-	2,424,070
Capital assets, depreciated					
Buildings and improvements	208,692	-	48,265	-	256,957
Computers	66,470	-	-	-	66,470
Equipment	804,988	-	22,935	-	827,923
Infrastructure	3,629,339	15,985,276	3,445,643	-	23,060,258
Land Improvements	148,925	-	-	-	148,925
System and improvements	17,483,557	-	39,971	-	17,523,528
Vehicles	180,264	-	32,995	-	213,259
Total capital assets, depreciated	22,522,235	15,985,276	3,589,809	-	42,097,320
Less: accumulated depreciation					
Buildings and improvements	(179,820)	-	(11,783)	-	(191,603)
Computers	(27,380)	-	(12,468)	-	(39,848)
Equipment	(381,769)	-	(37,579)	-	(419,348)
Infrastructure	(744,013)	(989,918)	(535,964)	-	(2,269,895)
Land Improvements	(4,468)	-	(2,978)	-	(7,446)
System and improvements	(7,555,798)	-	(343,021)	-	(7,898,819)
Vehicles	(180,264)	-	(6,599)	-	(186,863)
Total accumulated depreciation	(9,073,512)	(989,918)	(950,392)	-	(11,013,822)
Net capital assets, depreciated	13,448,723	14,995,358	2,639,417	-	31,083,498
Total capital assets, net	$ 14,722,568	$ 14,995,358	$ 3,789,642	$ -	$ 33,507,568

During FY2024, depreciation was charged to functions as follows:

Water	562,263
Sewer	388,129
Total	$950,392

NOTE 7 Long-term Debt

The following is a summary of revenue bond transactions of the City for the year ended September 30, 2024:

	Beginning Balance	Acquired	Principal Payments	Ending Balance	Due Within One Year
Bond payable	197,219	-	(21,402)	175,817	22,686
Total long-term debt	$ 197,219	$ -	$ (21,402)	$ 175,817	$ 22,686

USDA Rural Development Sewer Bond

The City borrowed $500,000 from the USDA Rural Development Agency in March of 1991 to finance sewer system improvements. The bond calls for annual payments of $33,235 with interest at 6%.

The annual requirements to amortize the bond are as follows:

Year Ended September 30,	Principal	Interest	Total
2025	22,686	10,549	33,235
2026	24,047	9,188	33,235
2027	25,490	7,745	33,235
2028	27,019	6,216	33,235
2029-2031	76,575	8,525	85,100
Totals	**$ 175,817**	**$ 42,223**	**$ 218,040**

Included in restricted cash for the sewer fund is a sewer bond reserve deposit of $49,233 required by the U.S. Department of Agriculture.

NOTE 8 Lease Receivable

The City entered into a lease agreement to lease land to Philip Wirth or Assigns in February 2019 for 15 years with the term commencing on November 1, 2020 and expiring October 31, 2035 with the option to extend the term by two consecutive period of five years each, with a discount rate of 0.27% based on the estimated incremental borrowing rate determined by the City. The lease requires annual payments of $32,000 that will increase 1.5% each year.

The City entered into a lease agreement to lease a facility to Local Law Group, PLLC in September 2024 for one year commencing on July 1, 2024 and expiring on June 30, 2025 with the option to extend for an additional year 4 separate times. The lease has a discount rate of 4.64% based on the estimated incremental borrowing rate determined by the City. The lease requires monthly payments of $605.

NOTE 8 Lease Receivable (Continued)

Total lease revenue for the year ended September 30, 2024 is as follows:

Lease-related revenue	
Lease revenue	
Building	6,559
Land	30,579
Total lease revenue	37,138
Interest revenue	13,732
Total	$ 50,870

Future minimum annual receipts as of September 30, 2024 are as follows:

FY Ending September 30,	Principal	Interest	Total receipts
2025	26,552	14,672	41,224
2026	27,757	13,975	41,732
2027	29,002	13,248	42,250
2028	30,288	12,487	42,775
2029	29,794	11,699	41,493
2030-2034	138,326	50,188	188,514
2035-2039	167,942	35,141	203,083
2040-2044	201,825	16,953	218,778
2045-2049	44,843	901	45,744
Total Future Receipts	$ 696,329	$ 169,264	$ 865,593

NOTE 9 Right-of-use Lease Asset/Liability

During the year ended September 30, 2024, the following changes occurred in right-of-use lease assets:

Right-of-Use Lease Assets	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year
Equipment	354,542	21,493	-	(12,181)	363,854
Less: Accumulated Amortization					
Equipment	(94,790)	(73,882)	-	12,181	(156,491)
Total Right-of-Use Lease Assets, net	$ 259,752	$ (52,389)	$ -	$ -	$ 207,363

Total lease expense for the year ended September 30, 2024 is as follows:

Lease expense	
Amortization expense by class of underlying asset	
Equipment	73,882
Total amortization expense	73,882
Interest on lease liabilities	7,005
Total	$ 80,887

NOTE 9 Right-of-use Lease Asset/Liability (Continued)

During the year ended September 30, 2024, the following changes occurred in the right-of-use lease liability:

	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Right-of-Use Lease Liabilities						
Equipment	$ 251,658	$ 20,296	$ -	$ (69,533)	$ 202,421	$ 72,479
	$ 251,658	$ 20,296	$ -	$ (69,533)	$ 202,421	$ 72,479

Future minimum annual payments as of September 30, 2024 are as follows:

FY Ending September 30,	Principal	Interest	Total Payments
2025	72,479	7,115	79,594
2026	65,190	4,815	70,005
2027	57,855	2,560	60,415
2028	4,545	243	4,788
2029	2,352	41	2,393
Total Future Payments	$ 202,421	$ 14,774	$ 217,195

NOTE 10 Pension Plan

In accordance with GASB 68, Accounting and Financial Reporting for Pensions, which became effective for the year ended September 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2024. All amounts are as of June 30, 2024 unless otherwise noted.

Plan Description

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

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

NOTE 10 Pension Plan (Continued)

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. Amounts in parenthesis represent police/firefighters.

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

Member and Employer Contributions

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

The contribution rates for employees are set by stature at 60% (72%) of the employer rate. As of September 30, 2024 it was 7.18% (10.83%). The employer contribution rate is set by the Retirement Board and was 11.96% (14.65%) of covered compensation. The City's employer contributions required and paid were $430,858 for the year ended September 30, 2024.

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

At September 30, 2024, the City reported a liability of $2,836,837 for its proportionate the net pension (asset) liability as of June 30, 2024. The net pension (asset) liability was measured as of June 30, 2024, and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension (asset) liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.07583817%.

NOTE 10 Pension Plan (Continued)

The City's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. The pension expense (revenue) for the year ended June 30, 2024 was calculated at $815,873.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	451,651	-
Changes in assumptions or other inputs	112,381	-
Change in proportionate share	66,438	1,295
Net difference between projected and actual earning on pension plan investments	51,493	-
Employer contributions subsequent to the measurement date	104,817	-
Total	$786,780	$1,295

$104,817 reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the year ending September 30, 2025.

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

For the Year Ending June 30:	Amount to be Recognized
2025	140,015
2026	528,936
2027	(91,214)
2028	(65,198)
2029	168,129

NOTE 10 Pension Plan (Continued)

Actuarial Assumptions

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost of living (COLA) adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%. 5% of Fire and Police active member deaths are assumed to be duty related. This Assumption was adopted July1, 2021.
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. 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.

NOTE 10 Pension Plan (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension (asset) 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 (asset) liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

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

The following presents the net pension (asset) liability of PERSI employer's calculated using the discount rate of 6.35% as well as what the employer's liability would be if it were calculated using 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 (asset) liability	5,390,873	2,836,837	750,840

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.

NOTE 10 Pension Plan (Continued)

Payables to the pension plan

At September 30, 2024, the City 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.

NOTE 11 Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at September 30, 2024 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	-	915,595
Circulation Impact Fees Fund	-	43,523
Police Impact Fees Fund	20,574	-
Capital Project City Hall Facility Fund	-	7,387
Parks Impact Fees Fund	35,874	-
Cemetery Fund	4,951	-
Water Fund	523,427	-
Sewer Fund	381,679	-
Total	$ 966,505	$ 966,505

NOTE 12 Risk Management

The City faces a number of risks of loss including damage to and loss of property and contents, professional liability, i.e., errors and omissions, and health insurance costs of employees. The City contracts with an insurance company for property insurance and general liability insurance. There were no significant reductions in insurance coverage from the prior year.

NOTE 13 Contingencies

Intergovernmental Grants – The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

Litigation – The City is party to legal claims arising in the ordinary course of its business. In management's opinion the City has adequate legal defenses or insurance coverage relative to these actions. Management does not believe any actions will materially affect the City's operations or financial position.

NOTE 14 GASB 100 Accounting Changes and Error Corrections

The City moved the Circulation Impact Fees fund from a major fund to a nonmajor fund, as it no longer meets the requirements to be classified as a major fund. This represents a change within the reporting entity, affecting the fund the beginning fund balance of the governmental funds.

During the year ended September 30, 2024, the City determined that an error correction was needed to correct certain payables in the prior year. This adjustment had net effect of increasing accounts payable and decreasing fund balance by $1,888. On the government-wide financial statements, accounts payable increased and the beginning net position decreased $1,888.

During the year ended September 30, 2024, the City determined that an error correction was needed to recognize grant income for expenditures that occurred in the prior year. This adjustment increased grant revenue and fund balance by $209,477. On the government-wide financial statements, grant revenue and the beginning net position increased $209,477.

During the year ended September 30, 2024, the City determined that an error correction was needed to recognize donated capital assets not recorded in the prior year. This adjustment added a net infrastructure assets of $18,124,288. On the government-wide financial statements, beginning net position increased $18,124,288.

During the year ended September 30, 2024, the City determined that an error correction was needed to recognize donated capital assets not recorded in the prior year. This adjustment added a net infrastructure assets of $14,995,358. On the government-wide and proprietary fund financial statements, beginning net position increased $14,995,358.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Governemtal Funds			
	General	Circulation Impact Fees	Capital Projects City Hall Facility	Nonmajor Funds
Beginning fund balance, as previously reported	8,879,451	(607,095)	4,392,339	2,207,595
Change from major to nonmajor fund	-	607,095	-	(607,095)
Error Corrections	(1,888)	-	-	209,477
Beginning fund balance, as restated	8,877,563	-	4,392,339	1,809,977

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	Business-Type Funds		Total Governmental Funds	
	Water	Sewer	Governmental Activities	Business-Type Acitvies
Net position, as previously reported	18,812,115	21,589,594	24,206,567	40,401,709
Error Corrections	8,692,594	6,302,764	18,331,877	14,995,358
Net position, as restated	27,504,709	27,892,358	42,538,444	55,397,067

REQUIRED SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Original to Actual	Variance Favorable (Unfavorable) Final to Actual
REVENUES					
Taxes	3,538,977	3,538,977	3,656,249	117,272	117,272
Intergovernmental	2,086,000	2,086,000	2,406,641	320,641	320,641
Licenses, permits, and other	868,450	868,450	1,232,305	363,855	363,855
Shared revenue	164,000	164,000	210,793	46,793	46,793
Enforcement and protective services	80,000	80,000	95,224	15,224	15,224
Miscellaneous	364,200	364,200	500,359	136,159	136,159
Interest earnings	100,000	100,000	1,080,840	980,840	980,840
Total revenues	7,201,627	7,201,627	9,182,411	1,980,784	1,980,784
EXPENDITURES					
Executive and legislative	81,351	81,351	74,943	6,408	6,408
Financial and administration	696,789	696,789	674,370	22,419	22,419
Law enforcement	2,651,700	2,651,700	2,587,502	64,198	64,198
Planning and zoning	292,353	292,353	264,873	27,480	27,480
Building	238,637	238,637	229,845	8,792	8,792
Highways and streets	922,550	922,550	482,508	440,042	440,042
Public works	326,150	326,150	207,274	118,876	118,876
Parks and recreation	1,051,575	1,051,575	958,311	93,264	93,264
Engineering	266,928	266,928	225,133	41,795	41,795
Other	14,550	14,550	8,334	6,216	6,216
Capital outlay	640,752	640,752	546,137	94,615	94,615
Debt service:					
Principal	-	-	69,533	(69,533)	(69,533)
Interest	-	-	8,579	(8,579)	(8,579)
Total expenditures	7,183,335	7,183,335	6,337,342	845,993	845,993
Excess (deficiency) of revenues over (under) expenditures	18,292	18,292	2,845,069	2,826,777	2,826,777
Other financing sources (uses)					
Proceeds from ROU lease	-	-	20,296	20,296	20,296
Net change in fund balance	$ 18,292	$ 18,292	2,865,365	$ 2,847,073	$ 2,847,073
Fund balance - beginning of year, as previously reported			8,879,451		
Error correction (Note 14)			(1,888)		
Fund balance - beginning of year, as restated			8,877,563		
Fund balance - end of year			$ 11,742,928		

CAPITAL PROJECTS CITY HALL FACILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Original to Actual	Variance Favorable (Unfavorable) Final to Actual
REVENUES					
Interest earnings	65,000	65,000	160,204	95,204	95,204
Total revenues	65,000	65,000	160,204	95,204	95,204
EXPENDITURES					
Financial and administration	100,000	100,000	50,997	49,003	49,003
Total expenditures	100,000	100,000	50,997	49,003	49,003
Excess (deficiency) of revenues over (under) expenditures	(35,000)	(35,000)	109,207	144,207	144,207
Other financing sources (uses)					
Unrealized gain(loss) on investments	-	-	167,991	167,991	167,991
Transfer out	65,000	65,000	-	(65,000)	(65,000)
Total other financing sources (uses)	65,000	65,000	167,991	102,991	102,991
Net change in fund balance	$ 30,000	$ 30,000	277,198	$ 247,198	$ 247,198
Fund balance - beginning of year			4,392,339		
Fund balance - end of year			$ 4,669,537		

NET PENSION (ASSET) LIABILITY RELATED SCHEDULES

Schedule of the City's Share of Net Pension (Asset) Liability*
PERSI - Base Plan
As of June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension (asset) liability	0.07583817%	0.07455940%	0.07095610%	0.07044050%	0.0709600%	0.0665149%	0.0650863%	0.0625098%	0.0612017%	0.0631923%
Employer's proportionate share of the net pension (asset) liability	2,836,837	2,975,420	2,794,791	(55,633)	1,647,785	759,249	960,034	982,547	1,240,651	832,140
Employer's covered payroll	3,716,547	3,170,201	2,798,116	2,621,116	2,624,161	2,403,200	2,094,152	2,019,392	1,804,744	1,746,575
Employer's proportional share of the net pension (asset) liability as a percentage of its covered payroll	76.33%	93.86%	99.88%	-2.12%	62.79%	31.59%	45.84%	48.66%	68.74%	47.64%
Plan fiduciary net position as a percentage of the total	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

Schedule of City Contributions*
PERSI - Base Plan
As of June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	415,510	378,522	334,095	316,293	316,363	254,513	252,757	210,791	181,930	206,703
Contributions in relation to the statutorily required contribution	(415,510)	(378,522)	(334,095)	(316,293)	(316,363)	(254,513)	(252,757)	(210,791)	(181,930)	(206,703)
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	3,716,547	3,170,201	2,798,116	2,621,116	2,624,161	2,403,200	2,094,152	2,019,392	1,804,744	1,746,575
Contributions as a percentage of covered payroll	11.18%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%

*Data is reported is measured as of June 30, 2024.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
As of June 30, 2024

Change of Assumptions. There were no Change of Assumptions as of June 30, 2024.

SUPPLEMENTARY INFORMATION

NONMAJOR FUNDS
COMBINING BALANCE SHEET
September 30, 2024

	Circulation Impact Fees	Police Impact Fees	Parks Impact Fees	Cemetery	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Due from other funds	-	20,574	35,874	4,951	61,399
Investments	74,370	471,709	2,432,136	259,232	3,237,447
Total assets	74,370	492,283	2,468,010	264,183	3,298,846
Deferred outflows of resources:	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 74,370	$ 492,283	$ 2,468,010	$ 264,183	$ 3,298,846
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Due to other funds	43,523	-	-	-	43,523
Total liabilities	43,523	-	-	-	43,523
Deferred inflows of resources:	-	-	-	-	-
Fund balances:					
Restricted	30,847	492,283	2,468,010	264,183	3,255,323
Total fund balances	30,847	492,283	2,468,010	264,183	3,255,323
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 74,370	$ 492,283	$ 2,468,010	$ 264,183	$ 3,298,846

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

	Circulation Impact Fees	Police Impact Fees	Parks Impact Fees	Cemetery	Total
REVENUES					
Impact fees	722,371	328,230	549,331	-	1,599,932
Plot sales	-	-	-	18,190	18,190
Other revenues	-	-	-	16,257	16,257
Interest and investment earnings	66,727	5,923	93,006	7,474	173,130
Total revenues	789,098	334,153	642,337	41,921	1,807,509
EXPENDITURES					
Cemetery	-	-	-	1,530	1,530
Capital outlay	360,633	-	-	-	360,633
Total expenditures	360,633	-	-	1,530	362,163
Net change in fund balance	428,465	334,153	642,337	40,391	1,445,346
Fund balance-beginning of year, as previously reported		158,130	1,825,673	223,792	2,207,595
Error correction (Note 14)	209,477	-	-	-	209,477
Change within reporting entity (Note 14)	(607,095)	-	-	-	(607,095)
Fund balance-beginning of year, as restated	(397,618)	158,130	1,825,673	223,792	1,809,977
Fund balance-end of year	$ 30,847	$ 492,283	$ 2,468,010	$ 264,183	$ 3,255,323

SINGLE AUDIT SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

	Federal Assistance Listing Number	Federal Grant Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through Idaho Commerce			
Community Development Block Grant Program	14.228	ICDBG-22-I-20-PK	30,543
Total U.S. Department of Housing and Urban Development			30,543
U.S. Department of Justice			
Passed through Idaho State Police			
Edward Bryne Memorial Justice Assistance Grant (JAG) Program	16.738	2019-DJ-BX-0058	17,500
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	15PBJA-21-GG-00270-JAGX	22,351
Total U.S. Department of Justice			39,851
U.S. Department of Transportation			
Passed through Idaho Department of Parks and Recreation			
Recreational Trails Program	20.219	RT24-1-28-1	33,320
Total U.S. Department of Transportation			33,320
U.S. Department of the Treasury			
Direct through U.S. Department of the Treasury			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	Not Available	1,117,122
Total U.S. Department of the Treasury			1,117,122
Total Expenditures of Federal Awards			$ 1,220,836

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2024

NOTE 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Rathdrum, Idaho, 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 City of Rathdrum, Idaho, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Rathdrum, Idaho.

NOTE 2 Summary of Significant Accounting Policies

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

2. Pass-through entity identifying numbers are presented were available.

3. City of Rathdrum, Idaho has elected not to use the 10 percent de minimis indirect costs rate as allowed under Uniform Guidance.

NOTE 3 Sub-Recipients

There were no awards passed through to sub-recipients.

HAYDEN ROSS

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

To the Honorable Mayor and City Council
City of Rathdrum, Idaho
Rathdrum, Idaho 83858

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Rathdrum, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Rathdrum, Idaho's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rathdrum, Idaho's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Rathdrum, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rathdrum, 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. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hayden Ross, PLLC

Moscow, Idaho
March 31, 2025

HAYDEN ROSS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Rathdrum, Idaho
Rathdrum, Idaho 83858

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Rathdrum, Idaho's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Rathdrum, Idaho's major federal programs for the year ended September 30, 2024. City of Rathdrum, Idaho'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 Rathdrum, Idaho 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 Rathdrum, Idaho 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 Rathdrum, Idaho'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 Rathdrum, Idaho'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 Rathdrum, Idaho'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 Rathdrum, Idaho'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 Rathdrum, Idaho'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 Rathdrum, Idaho'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 Rathdrum, Idaho'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.

Hayden Ross, PLLC

Moscow, Idaho
March 31, 2025

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	unmodified	
Internal control over financial reporting:		
- material weakness(es) identified?	_____ yes	__x__ no
- significant deficiency(ies) identified?	_____ yes	__x__ no
Noncompliance material to financial statements noted?	_____ yes	__x__ no

Federal Awards

Internal control over major programs:		
- material weakness(es) identified?	_____ yes	__x__ no
- significant deficiency(ies) identified?	_____ yes	__x__ no
Type of auditor's report issued on compliance for major programs:	unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR section 200.516(a)?	_____ yes	__x__ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	_____ yes	__x__ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended September 30, 2024

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended September 30, 2024

Finding 2023-001 Year-end Financial Close and Reporting

Condition Throughout our testing, we did not find effective internal control processes for reconciling general ledger accounts, especially at the end of the fiscal year. We discussed internal controls with management and inquired as to the controls over year-end financial closing and reporting. Based on the responses from management, we determined that no controls over year-end financial closing and reporting were in place during the year.

Status This finding has been resolved.