CITY OF SANDPOINT

FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

CITY OF SANDPOINT
September 30, 2024

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report ..... 1 – 3

Management's Discussion and Analysis ..... 4 – 16

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 17

Statement of Activities 18

Fund Financial Statements:

Governmental Funds:

Balance Sheet 19

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 20

Statement of Revenues, Expenditures and Changes in Fund Balances 21

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 22

Proprietary Funds:

Statement of Net Position 23

Statement of Revenues, Expenses and Changes in Net Position 24

Statement of Cash Flows 25

Notes to the Basic Financial Statements ..... 26 – 54

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 55

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Parks Improvement 56

Schedule of Employer's Share of Net Pension Liability 57

Schedule of Employer Contributions 57

Schedule of Employer's Share of Net Pension Liability – FRF 58

Schedule of Employer Contributions – FRF 58

CITY OF SANDPOINT
September 30, 2024

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds Description - Debt Service Funds and Special Revenue Funds 59

Combining Balance Sheet – Nonmajor Governmental Funds 60

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 61

Combining Balance Sheet – Nonmajor Debt Service Funds 62

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds 63

Combining Balance Sheet – Nonmajor Special Revenue Funds 64

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds 65

REPORT REQUIRED BY THE GAO

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* ..... 66 – 67

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MAGNUSON • McHUGH • DOUGHERTY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of the
City of Sandpoint
Sandpoint, ID 83864

Report on the Audit of the Financial Statements

Opinions

We have audited 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 the City of Sandpoint, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Sandpoint's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Sandpoint, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Sandpoint Urban Renewal Agency, which represent 100% percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sandpoint Urban Renewal Agency, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

2100 Northwest Blvd., Ste 400
Coeur d'Alene, ID 83814
www.MMD.cpa
Office: 208-765-9500 • Fax: 208-667-9174

Responsibilities of Management for the Financial Statements (Concluded)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sandpoint'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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

2100 Northwest Blvd., Ste 400
Coeur d'Alene, ID 83814
www.MMD.cpa
Office: 208-765-9500 • Fax: 208-667-9174

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, certain GASB No. 68 pension information, and management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sandpoint's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements 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 10, 2025 on our consideration of the City of Sandpoint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sandpoint's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sandpoint's internal control over financial reporting and compliance.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

March 10, 2025

2100 Northwest Blvd., Ste 400
Coeur d'Alene, ID 83814

www.MMD.cpa
Office: 208-765-9500 • Fax: 208-667-9174

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Sandpoint

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2024

As management of the City of Sandpoint, we offer readers of the City of Sandpoint's financial statements this narrative overview and analysis of the financial activities of the City of Sandpoint for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the accompanying *Notes* which are a part of this audit report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Sandpoint exceeded its liabilities at the close of the most recent fiscal year by $134,917,368. Of this amount, $36,491,938 represents the unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

- The City of Sandpoint's total net position increased $9,702,285 from the prior year ($3,299,096 for Governmental Activities and $6,403,189 for Business-type Activities).

- As of the close of the current fiscal year, the City of Sandpoint's governmental funds reported a combined fund balance of $25,812,328, a decrease of $3,033,654 in comparison with the prior fiscal year.

- At the end of the current fiscal year, unrestricted fund balance for the general fund was $7,508,284 or approximately 54% of the total general fund expenditures.

- The Governmental Accounting Standards Board statement (GASB 68) requires the City to reflect the City's proportionate share of the unfunded actuarial accrued liability of PERSI as a liability on the financial statements. While this directly affects the City's Net Position on the financial statements, it is merely a reporting number and does not directly affect the cash or debt load.

- The Governmental Accounting Standards Board statement (GASB 87) requires the City to include financial lease liabilities on the financial statements. While this directly affects the City's Net Position on the financial statements, it is merely a reporting number and does not directly affect the cash or debt load.

- The Governmental Accounting Standards Board introduced statements (GASB 94 and GASB 96). The City has considered the effects of these statements and has noted no agreements applicable to either statement.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The *statement of net position* presents information on all of the City of Sandpoint's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Sandpoint is improving or deteriorating.

The *statement of activities* presents information showing how the City of Sandpoint's net position 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.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government wide financial statements distinguish functions of the City of Sandpoint that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Sandpoint include general government, public safety, streets, local sales tax projects, and culture and recreation. The business-type activities of the City of Sandpoint include water treatment and distribution, sewage collection and treatment, sanitation, and streetlights.

The government-wide financial statements include not only the City of Sandpoint itself (known as the primary government) but also a legally separate urban renewal agency and a business improvement district for which the City of Sandpoint is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statement can be found in the audit section of this report.

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

Governmental Funds – *Governmental funds* are used to account for essentially the same functions as those 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for government activities in the government-wide financial statements. By doing so, the reader 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.*

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Governmental Funds (Concluded)

The City of Sandpoint maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the parks improvement fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and individual fund statements and schedules section of this report.

The City of Sandpoint adopts an annual appropriated budget for its general fund and parks improvement fund. A budgetary comparison statement has been provided for the general fund and parks improvement fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 – 22 of this report.

Proprietary Funds – The City of Sandpoint maintains four different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Sandpoint uses enterprise funds to account for its water and sewer operations, sanitation, and bond payment fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and bond payment funds, all of which are considered to be major funds of the City of Sandpoint. The sanitation fund is considered a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 23 – 25 of this report.

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

The notes to the financial statements can be found on pages 26 – 54 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Sandpoint's budget and actual expenditures of the General fund on pages 55 – 56 of this report. The required GASB 68 supplementary information can be found on pages 57 – 58 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60 – 65 of this report.

GOVERNMENTAL – WIDE OVERALL FINANCIAL ANALYSIS

As noted previously, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Sandpoint, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $134,917,368 at the close of the most recent fiscal year.

Table 1

STATEMENTS OF NET POSITION

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	$28,650,165	$31,718,562	$39,930,283	$35,286,356	$ 68,580,448	$ 67,004,918
Endowment	25,000	-	-	-	25,000	-
Lease receivable	58,912	294,558	-	-	58,912	294,558
Capital and intangible assets, net of accumulated depreciation and amortization	32,471,264	26,128,308	51,317,554	49,276,588	83,788,818	75,404,896
Total assets	61,205,341	58,141,428	91,247,837	84,562,944	152,453,178	142,704,372
Deferred outflow of resources						
Proportionate share of collective deferred outflows of resources	1,278,781	2,092,733	339,466	481,617	1,618,247	2,574,350
Total deferred outflow of resources	1,278,781	2,092,733	339,466	481,617	1,618,247	2,574,350
Long-term liabilities outstanding	634,941	904,780	11,568,567	12,084,743	12,203,508	12,989,523
Net pension liability	1,328,689	1,831,963	960,101	1,024,339	2,288,790	2,856,302
Other liabilities	2,795,498	2,816,172	1,660,661	937,218	4,456,159	3,753,390
Total liabilities	4,759,128	5,552,915	14,189,329	14,046,300	18,948,457	19,599,215
Deferred inflow of resources						
Proportionate share of collective deferred inflows of resources	(19,702)	-	166,390	169,866	146,688	169,866
Deferred inflows of resources from leases receivable	58,912	294,558	-	-	58,912	294,558
Total deferred outflow of resources	39,210	294,558	166,390	169,866	205,600	464,424
Net position:						
Net investment in capital assets and leases	32,431,486	26,050,166	39,349,132	36,771,979	71,780,618	62,822,145
Restricted	2,300,157	7,670,931	24,344,655	23,094,116	26,644,812	30,765,047
Unrestricted	22,954,141	20,665,591	13,537,797	10,962,300	36,491,938	31,627,891
Total net position	$57,685,784	$54,386,688	$77,231,584	$ 70,828,395	$134,917,368	$ 125,215,083

By far, the largest portion of the City of Sandpoint's net position, 53% reflects its investment in capital assets and leases (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Sandpoint uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Sandpoint's investments in capital assets and leases is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets and leases themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Sandpoint's net position, 20% represents resources that are subject to external restrictions on how they may be used. The remaining balance $36,491,938 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

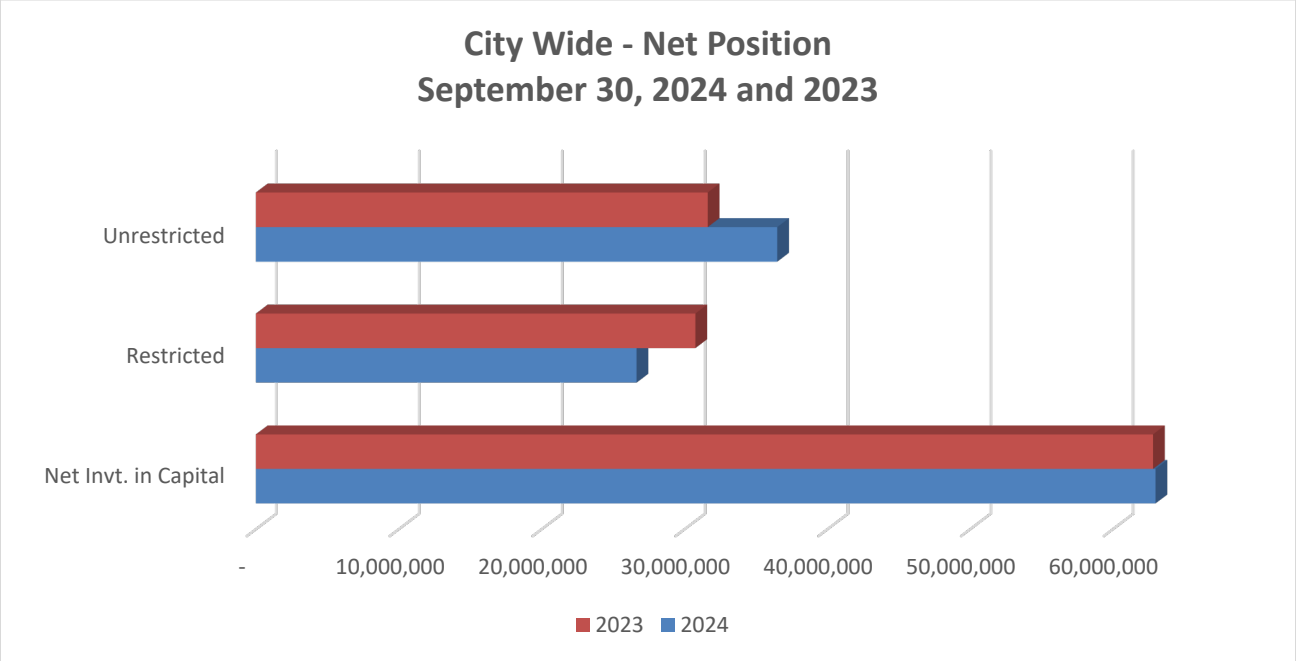
At the end of the current fiscal year, the City of Sandpoint is able to report positive balances in all three categories of net position both for the government as a whole, as well as its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

GOVERNMENTAL – WIDE OVERALL FINANCIAL ANALYSIS (CONTINUED)

The City of Sandpoint's overall net position increased $9,702,285 from the prior fiscal year. The reason for this overall increase is discussed in the following sections for governmental activities and business-type activities.

Governmental Activities. During the current fiscal year, net position for the governmental activities increased 6.07% or $3,299,096 from the prior fiscal year for an ending balance of $57,685,784 compared to prior year's balance of $54,386,688. This increase is related to an increase in net investment in capital assets and leases and the reporting of the City's proportionate share of deferred outflows and inflows related to the State's pension plan.

Business-type activities. For the City of Sandpoint's business-type activities, the results for the current fiscal year were a positive net position of $77,231,584. The total increase in net position for business-type activities (water, sewer, bond payment, and sanitation) was $6,403,189 or 9.04% from the prior fiscal year. The growth, in large part, is attributed to increases in our reserves due to delays in major projects and improvements to the wastewater treatment plant.



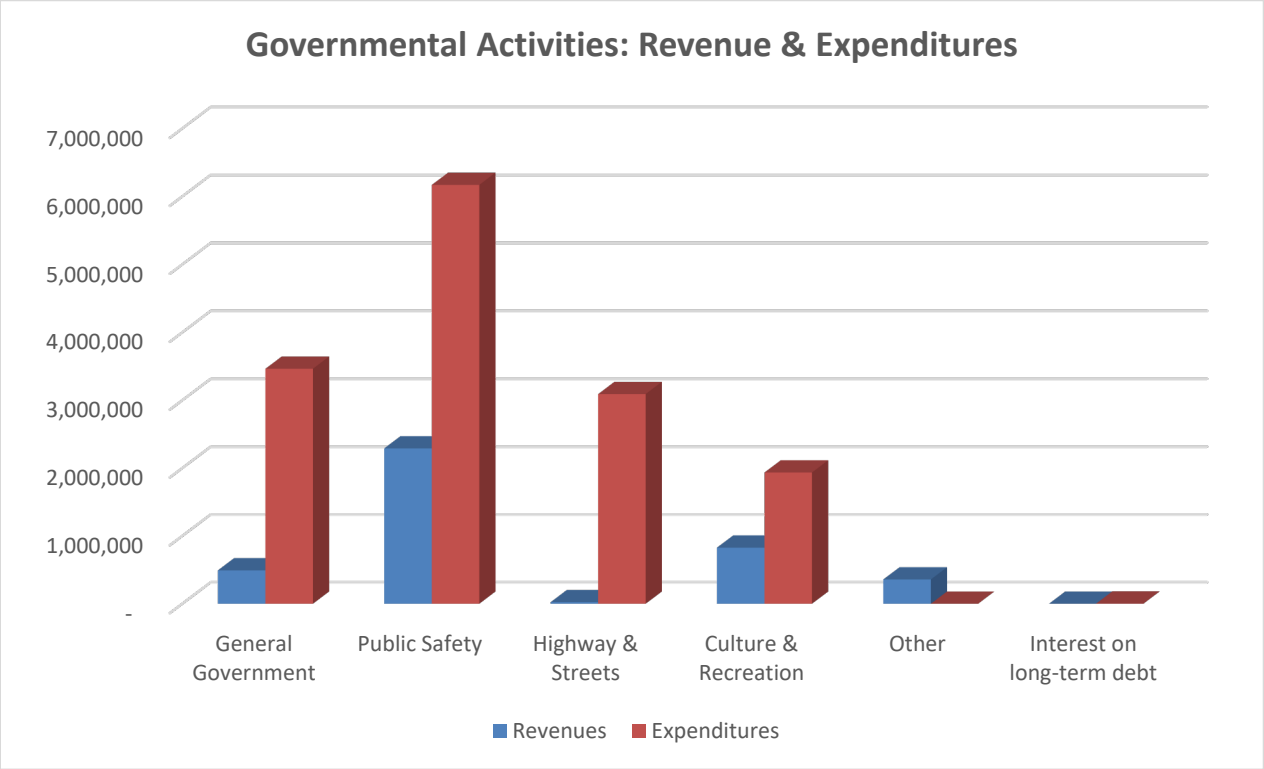
GOVERNMENTAL – WIDE OVERALL FINANCIAL ANALYSIS (CONTINUED)

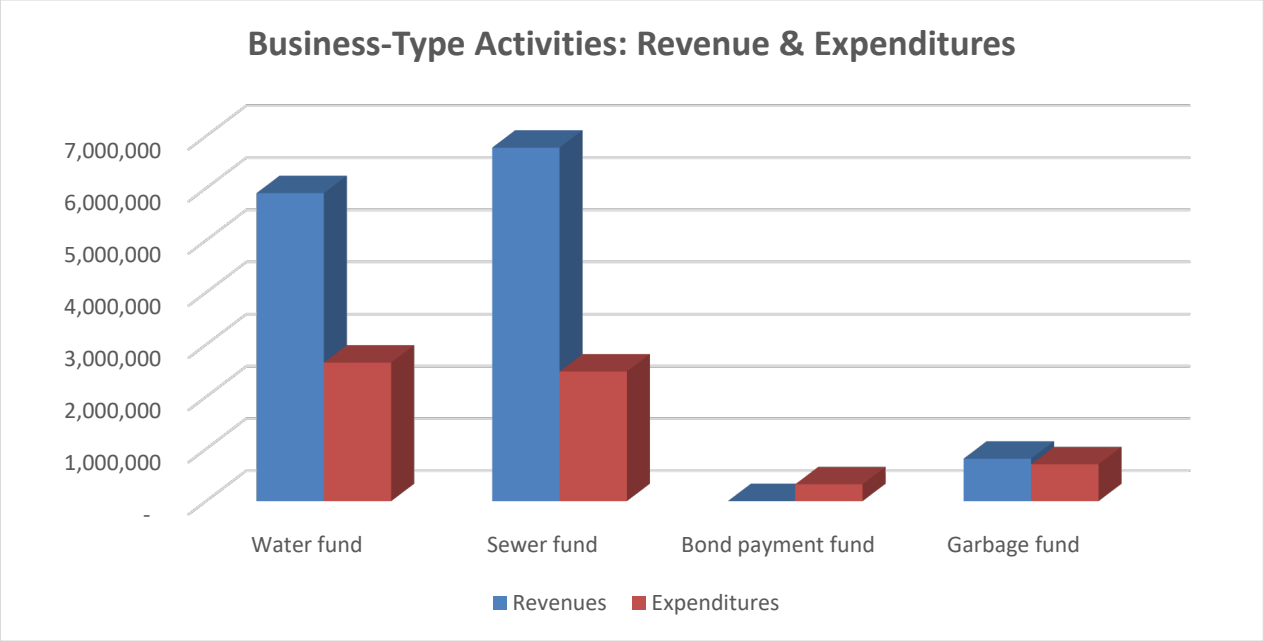
Table 2

CHANGES IN NET POSITION

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	$ 3,773,802	$ 4,984,376	$11,331,265	$ 9,944,279	$ 15,105,067	$ 14,928,655
Capital Grants	218,783	836,973	2,165,475	1,925,347	2,384,258	2,762,320
General revenues:						
Property taxes & special assessments	6,267,581	6,088,683	-	-	6,267,581	6,088,683
Investment Earnings	1,403,947	1,109,003	1,936,462	1,313,223	3,340,409	2,422,226
Intergovernmental	3,653,135	3,254,539	-	-	3,653,135	3,254,539
Gain on disposal of assets	18,128	(4,958)	57,929	8,000	76,057	3,042
Total revenues	15,335,376	16,268,616	15,491,131	13,190,849	30,826,507	29,459,465
Expenses:						
General government	3,465,580	3,591,340	-	-	3,465,580	3,591,340
Public safety	6,170,089	6,474,841	-	-	6,170,089	6,474,841
Highways & streets	3,091,803	2,718,081	-	-	3,091,803	2,718,081
Culture & recreation	1,935,408	2,116,330	-	-	1,935,408	2,116,330
Interest on long-term debt	2,992	4,250	-	-	2,992	4,250
Change in net pension liability	861,268	901,942	-	-	861,268	901,942
Unallocated actual PERSI contributions	(570,292)	(757,673)	-	-	(570,292)	(757,673)
Water	-	-	2,655,238	2,378,861	2,655,238	2,378,861
Sewer	-	-	2,484,009	2,435,431	2,484,009	2,435,431
Bond payment fund	-	-	322,126	335,061	322,126	335,061
Other proprietary funds	-	-	706,001	628,114	706,001	628,114
Total expenses	14,956,848	15,049,111	6,167,374	5,777,467	21,124,222	20,826,578
(Decreases) Increases in net assets before transfers	378,528	1,219,505	9,323,757	7,413,382	9,702,285	8,632,887
Transfers	2,920,568	3,387,800	(2,920,568)	(3,387,800)	-	-
Increase in net position	3,299,096	4,607,305	6,403,189	4,025,582	9,702,285	8,632,887
Net position – beginning	54,386,688	49,779,383	70,828,395	66,802,813	125,215,083	116,582,196
Net position – ending	$ 57,685,784	$ 54,386,688	$ 77,231,584	$ 70,828,395	$134,917,368	$ 125,215,083

GOVERNMENTAL – WIDE OVERALL FINANCIAL ANALYSIS (CONCLUDED)



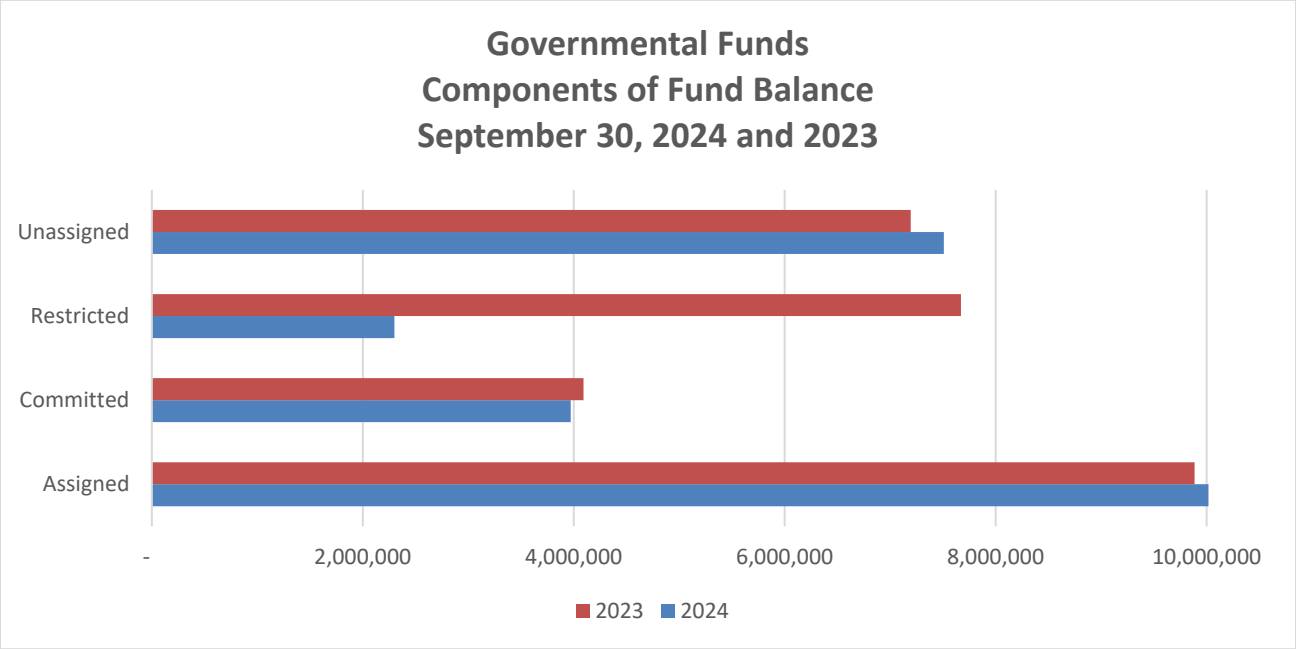


FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Sandpoint uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of Sandpoint's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Sandpoint's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Sandpoint itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the City of Sandpoint's Council.

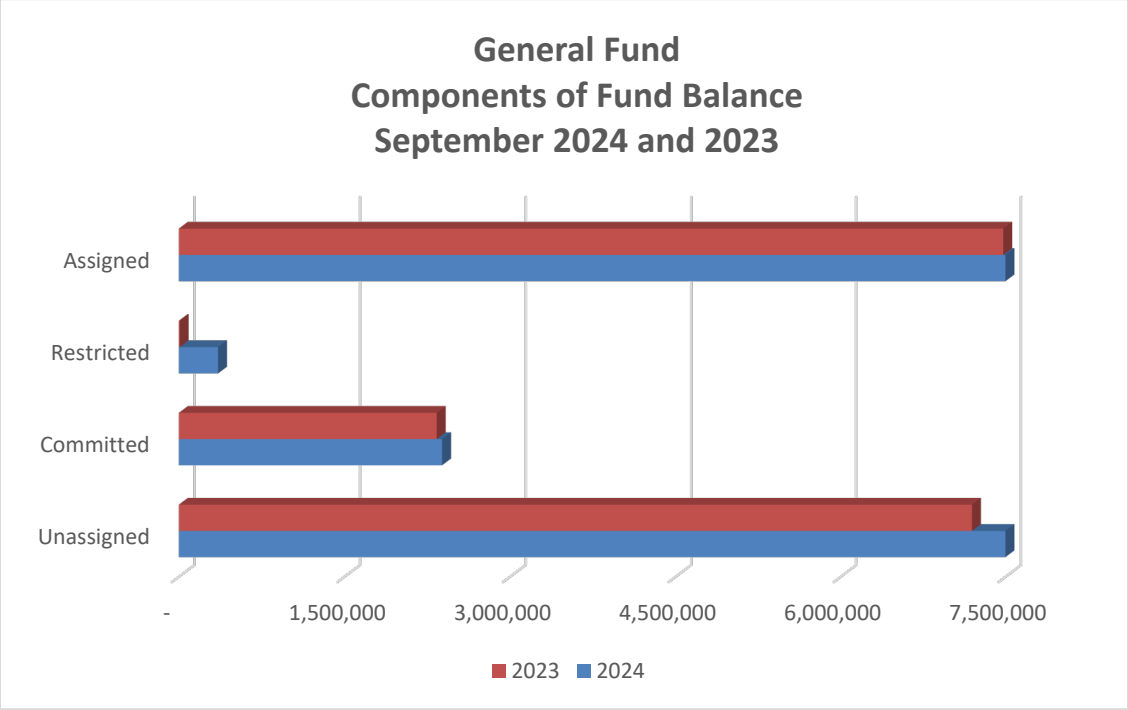
On September 30, 2024, the City of Sandpoint's governmental funds reported combined fund balances of $25,812,328, a decrease of $3,033,654 in comparison with the prior year. Approximately 29% of this amount $7,508,284 constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form $0, 2) legally required to be maintained intact $0, 3) restricted for a particular purpose $2,300,157, 4) committed for particular purposes $3,970,713 or 5) assigned for particular purposes $12,033,174.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONCLUDED)

The general fund is the chief operating fund of the City of Sandpoint. At the end of the current fiscal year, the unassigned fund balance of the general fund was $7,508,284 while the total fund balance reached $19,485,578. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The fund balance of the City of Sandpoint's general fund increased by $2,463,947 during the current fiscal year. This is due to an increase in actual tax revenue, charges for services revenue and investment/interest revenue.



GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase the original budgeted appropriations.

Table 3
CITY OF SANDPOINT GENERAL FUND – BUDGET TO ACTUALS
September 30, 2024

Revenue source	Estimated revenues	Actual revenues	Difference
Taxes and special assessments	6,338,830	6,038,255	(300,575)
Licenses and permits	456,300	423,796	(32,504)
Grants	1,062,500	69,529	(992,971)
Intergovernmental revenue	5,259,227	3,653,135	(1,606,092)
Interest	30,000	911,605	881,605
Charges for services	2,367,817	1,790,849	(576,968)
Fines and forfeits	95,500	168,539	73,039
Miscellaneous revenues	267,500	364,733	97,233
Expenses	**Estimated expenses**	**Actual expenses**	**Difference**
General government	4,758,402	3,443,519	1,314,883
Public safety	7,216,322	6,006,628	1,209,694
Highways and streets	2,793,862	2,139,425	654,437
Culture and recreation	1,197,137	1,032,709	164,428
Capital outlay	4,512,200	1,232,445	3,279,755
Debt service:			
Principal retirement	35,815	38,364	(2,549)
Interest expense	2,163	2,231	(68)

Final budget compared to actual results. The most significant differences between estimated expenses and revenues and actual expenses and revenues were as follows:

The surplus/shortfalls in the above revenue sources were caused for various reasons. The unfavorable variance in Grant and Intergovernmental revenues was primarily due to budgeting for projected grant/SURA (Sandpoint Urban Renewal Agency) projects that were delayed to future periods and not a loss of those funds.

The shortfall in budget to actual Tax revenues noted above directly correlates to resort city occupancy taxes.

Over the last decade, the City of Sandpoint has worked to identify and implement charges for various programs and activities. This has included licenses and permits, charges for services, rental rates for community buildings and moorage, and parking fines. The goal of this effort has been to increase the percentage of total revenues that are provided for these services that have been generally funded or subsidized by property taxes in the past. These efforts have been necessary to maintain service levels to Sandpoint citizens at levels they are accustomed to in spite of rising costs.

Expense variances are apparent in all categories where the actual expenditures are less than estimated. This is in part due to the delay of several capital projects. Some projects were not able to be completed by September 30 and were extended into the next fiscal year. General government and public safety savings was due to employee turnover that resulted in salary savings; as well as lower costs in most categories for professional and technical services.

GENERAL FUND BUDGETARY HIGHLIGHTS (CONCLUDED)

Proprietary Funds – The City of Sandpoint's proprietary funds provide the same type of information as found in the government-wide financial statements, but in more detail. The unrestricted net position of the Water Fund at the end of the year was $6,406,688 and the Sewer Fund was $6,611,956. The total change in net position for both funds was $2,005,924 and $3,869,348, respectively. As noted earlier in the discussion of business-type activities, the increase for the Water and Sewer Funds results from an increase in assets (cash and investments) due to delays in projects and capital improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City of Sandpoint's investment in capital assets for its governmental and business-type activities as of September 30, 2024, increased to $83,788,818 (net of accumulated depreciation and amortization) from $75,404,896. This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, right-of-use lease assets and the water and sewer treatment facilities. The total increase in capital assets for the current fiscal year was 11% or $8,383,922.

Table 4

CITY OF SANDPOINT'S CAPITAL ASSETS
(net of depreciation and amortization)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Land	$ 2,369,186	$ 2,369,186	$ 6,311,579	$ 6,311,579	$ 8,680,765	$ 8,680,765
Construction in progress	7,096,661	1,161,679	1,393,308	276,929	8,489,969	1,438,608
Right-of-use lease assets	3,144	5,659	-	36,125	3,144	41,784
Buildings	5,047,201	4,781,167	327,638	279,109	5,374,839	5,060,276
Improvements other than buildings	15,058,841	15,587,412	221,436	234,255	15,280,277	15,821,667
Machinery and equipment	2,333,518	1,648,440	1,686,151	841,808	4,019,669	2,490,248
Infrastructure	562,713	574,765	41,377,442	41,296,783	41,940,155	41,871,548
Total	$ 32,471,264	$ 26,128,308	$ 51,317,554	$ 49,276,588	$ 83,788,818	$ 75,404,896

Major capital assets purchased during the current fiscal year include the following:

- Sidewalks/Pathways/Land $557,335
- Government Building and Parking Lot Projects $195,824
- James E. Russell Sports Center Facility, Travers All-Wheel Park Improvements, Travers Tennis Courts and the Travers Playground & Splashpad $6,654,960
- Vehicles & Equipment – Public Safety $236,280 Streets $351,699, Water $248,393 and Sewer $697,146
- Water Treatment Lining/Coating and Roof Extension $100,124
- Water and Sewer Mainline Projects $834,308
- Sewer Lift Station, Manhole and SCADA Projects $895,388
- Sewer Treatment Facility and Bridge Projects $316,600
- Water and Sewer Contributed Capital $549,076

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)

Additional information on the City of Sandpoint capital assets can be found in the Note section of this report.

Long-term Debt –At the end of the current fiscal year, the total City of Sandpoint principal bond indebtedness was $11,998,310. Of this amount, $11,968,422 is backed by the full faith and credit of the government and $29,888 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City of Sandpoint's long-term debt obligations is comprised of compensated absences and financed purchase leases and lease liabilities.

Table 5

CITY OF SANDPOINT'S OUTSTANDING DEBT

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Compensated absences	$ 609,837	$ 835,113	$ 112,076	$ 116,321	$ 721,913	$ 951,434
Special assessments	29,888	35,078	-	-	29,888	35,078
Financed purchase	36,537	72,353	-	-	36,537	72,353
Lease liabilities	3,241	5,789	-	37,389	3,241	43,178
Revenue bonds	-	-	11,968,422	12,467,220	11,968,422	12,467,220
Total	$ 679,503	$ 948,333	$12,080,498	$12,620,930	$ 12,760,001	$ 13,569,263

The City of Sandpoint's total indebtedness decreased by 6% or $809,262 during the current fiscal year. The reason for the decrease is due to regular annual payments that reduced the principal.

Additional information on the City of Sandpoint's long-term debt can be found in the Note section of this report.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS, AND RATES

The following economic factors currently affect the City of Sandpoint and were considered in developing the 2024-2025 fiscal year budgets.

- Aerospace, high tech and manufacturing businesses have been major players in the City of Sandpoint's job market. Kochava, Biomedical Innovations, Daher (formerly Quest), Litehouse, and Tamarack Aerospace Group Inc have remained consistent or increased their workforce. This has led to increased revenues and expenditures to the City.
- In July 2017 the Council adopted the Fiscal Policies for Fund Balance, Reserves and Use of One-time Resources and Construction Reserve Policies. As of the end of the FY 2024 the City has $3,519,390 assigned for Operating Reserve, $1,508,310 assigned for an Emergency Reserve and $4,000,000 assigned for the Construction Reserve. The Construction Reserve funds the construction of the Downtown Revitalization Projects. This construction began in FY 2018 and will continue through FY 2027 (or longer) with the SURA funding to occur through FY 2029. This has improved utilization of the City Funds and restricts funds in case of emergencies.
- The City continues phase two in bringing dark fiber to Sandpoint. IRU and leasing fees have been established and franchise agreements have been brought to City Council for the various telecommunication companies that the City is providing fiber to. These are both in the commercial and residential zones. These agreements increase revenues and enhance services to residents.
- The 2024-2025 Budget was adopted at $50,499,054, a decrease of $2,475,215 or 4.7% over the prior year fiscal budget of $52,974,269. The budget includes $15,660,402 of unspent funds from prior years. Over 75% of these unspent funds are due to water and sewer reserves to be used for infrastructure upgrades. The remaining is due to unspent funds in the Governmental Funds.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS, AND RATES (CONCLUDED)

- Property taxes were budgeted for the 2024-2025 fiscal year at $5,052,867, an increase of $258,148 or 5.4% over last year's property tax amount. Community growth has contributed to this revenue increase, which will be used to fund increases in recurring expenditures and obligations.

Requests for Information

This financial report is designed to provide a general overview of the City of Sandpoint's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sarah Lynds - Finance Director
City of Sandpoint
1123 Lake Street
Sandpoint, Idaho 83864

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

City of Sandpoint

STATEMENT OF NET POSITION
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sandpoint Urban Renewal Agency
ASSETS				
Cash and investments	$ 24,636,434	$ 13,467,604	$ 38,104,038	$ 6,211,799
Receivables, net	1,082,230	2,072,198	3,154,428	1,791,697
Due from SURA component unit	656,344	-	656,344	-
Inventory	-	45,826	45,826	-
Lease receivable	58,912	-	58,912	-
Land	2,369,186	6,311,579	8,680,765	-
Construction in progress	7,096,661	1,393,308	8,489,969	-
Capital and intangible assets, net of accumulated depreciation and amortization	23,005,417	43,612,667	66,618,084	-
Restricted assets:				
Cash and investments	2,274,123	24,344,655	26,618,778	84,608
Endowment	25,000	-	25,000	-
Interest receivable	1,034	-	1,034	-
Total assets	61,205,341	91,247,837	152,453,178	8,088,104
DEFERRED OUTFLOWS OF RESOURCES				
Proportionate share of collective deferred outflows of resources	1,278,781	339,466	1,618,247	-
Total deferred outflows of resources	1,278,781	339,466	1,618,247	-
LIABILITIES				
Accounts payable and accrued expenses	2,245,262	998,393	3,243,655	83,816
Unearned property taxes	-	-	-	1,737,287
Payable from restricted assets:				
Customer deposits	504,695	9,606	514,301	-
Accrued interest payable	979	140,731	141,710	-
Financed purchase - current portion	36,537	-	36,537	-
Lease liabilities - current portion	2,588	-	2,588	-
Special assessment bond - current portion	5,437	-	5,437	-
Notes payable - current portion	-	-	-	140,209
Revenue bonds - current portion	-	511,931	511,931	-
Noncurrent liabilities:				
Compensated absences - noncurrent portion	609,837	112,076	721,913	-
Lease liabilities - noncurrent portion	653	-	653	-
Special assessment bond - noncurrent portion	24,451	-	24,451	-
Notes payable - noncurrent portion	-	-	-	1,188,711
Revenue bonds - noncurrent portion	-	11,456,491	11,456,491	-
Net pension liability	1,328,689	960,101	2,288,790	-
Total liabilities	4,759,128	14,189,329	18,948,457	3,150,023
DEFERRED INFLOWS OF RESOURCES				
Proportionate share of collective deferred inflows of resources	(19,702)	166,390	146,688	-
Deferred inflows of resources from lease receivable	58,912	-	58,912	-
Total deferred inflows of resources	39,210	166,390	205,600	-
NET POSITION				
Net investment in capital assets and leases	32,431,486	39,349,132	71,780,618	-
Restricted for:				
Contributions	7,138	-	7,138	-
RCT property tax relief fund	348,476	-	348,476	-
James E. Russell Sports Center	1,665,533	-	1,665,533	-
Endowment - nonexpendable	25,000	-	25,000	
Capital improvements	9,440	20,006,840	20,016,280	-
Debt	244,570	1,664,252	1,908,822	-
Inflow and infiltration	-	1,866,520	1,866,520	-
Watershed protection	-	704,416	704,416	-
Ponderay impact	-	97,281	97,281	-
Other	-	5,346	5,346	-
Downtown district	-	-	-	173,462
Northern district	-	-	-	4,764,619
Unrestricted	22,954,141	13,537,797	36,491,938	-
Total net position	$ 57,685,784	$ 77,231,584	$ 134,917,368	$ 4,938,081

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Sandpoint Urban Renewal Agency
Governmental activities:							
General government	$ 3,465,580	$ 492,629	$ -	$ (2,972,951)	$ -	$ (2,972,951)	$ -
Public safety	6,170,089	2,244,653	46,354	(3,879,082)	-	(3,879,082)	-
Highways and streets	3,091,803	-	23,175	(3,068,628)	-	(3,068,628)	-
Culture and recreation	1,935,408	678,131	149,254	(1,108,023)	-	(1,108,023)	-
Other	-	358,389	-	358,389	-	358,389	-
Interest on long-term debt	2,992	-	-	(2,992)	-	(2,992)	-
Change in net pension liability	861,268	-	-	(861,268)	-	(861,268)	-
Unallocated actual PERSI contributions	(570,292)	-	-	570,292	-	570,292	-
Total governmental activities	14,956,848	3,773,802	218,783	(10,964,263)	-	(10,964,263)	-
Business-type activities:							
Water	2,655,238	4,715,011	1,190,287	-	3,250,060	3,250,060	-
Sewer	2,484,009	5,803,117	975,188	-	4,294,296	4,294,296	-
Bond payment fund	322,126	-	-	-	(322,126)	(322,126)	-
Other proprietary funds	706,001	813,137	-	-	107,136	107,136	-
Total business-type activities	6,167,374	11,331,265	2,165,475	-	7,329,366	7,329,366	-
Total primary government	$ 21,124,222	$ 15,105,067	$ 2,384,258	(10,964,263)	7,329,366	(3,634,897)	-
Component units:							
Community development							286,012
Interest expense							25,235
Total component unit							311,247
General revenues:							
Property taxes and special assessments				6,267,581	-	6,267,581	1,669,999
Penalties and interest				-	-	-	254,186
Investment earnings				1,403,947	1,936,462	3,340,409	-
Miscellaneous				-	-	-	-
Intergovernmental revenue				3,653,135	-	3,653,135	-
Gain (loss) on disposal of assets				18,128	57,929	76,057	-
Transfers				2,920,568	(2,920,568)	-	-
Total general revenues and transfers				14,263,359	(926,177)	13,337,182	1,924,185
Change in net position				3,299,096	6,403,189	9,702,285	1,612,938
Net position - beginning				54,386,688	70,828,395	125,215,083	3,325,143
Net position - ending				$ 57,685,784	$ 77,231,584	$ 134,917,368	$ 4,938,081

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General	Parks Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 19,148,437	$ 1,953,861	$ 3,534,136	$ 24,636,434
Receivables	393,038	175,766	26,772	595,576
Due from SURA component unit	656,344	-	-	656,344
Due from other governments	486,654	-	-	486,654
Restricted assets:				
Cash and investments	355,614	1,674,973	243,536	2,274,123
Endowment	-	25,000	-	25,000
Interest receivable	-	-	1,034	1,034
Total assets	$ 21,040,087	$ 3,829,600	$ 3,805,478	$ 28,675,165
LIABILITIES				
Accounts payable and accrued expenses	$ 947,562	$ 408,411	$ 889,289	$ 2,245,262
Customer deposits	504,695	-	-	504,695
Total liabilities	1,452,257	408,411	889,289	2,749,957
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	102,252	-	4,818	107,070
Unavailable revenue-special assessments	-	-	5,810	5,810
Total deferred inflows of resources	102,252	-	10,628	112,880
FUND BALANCES:				
Restricted for:				
Historic Commission Donation	479	-	-	479
Art Contributions	2,500	-	-	2,500
Tennis Court Donations	-	5,477	-	5,477
Dog Park	-	3,963	-	3,963
Debt Service	-	-	244,570	244,570
Police Contributions	4,159	-	-	4,159
RCT Property Tax Relief	348,476	-	-	348,476
James E. Russell Sports Center	-	1,665,533	-	1,665,533
Endowment - nonexpendable	-	25,000	-	25,000
Committed to:				
Downtown Farmin Landing	256,592	-	-	256,592
Downtown Parking Dedicated Funds	58,382	-	-	58,382
In Lieu of Sidewalk Dedicated Funds	153,459	-	-	153,459
Memorial Field Replacement / Maintenance	-	457,962	-	457,962
FY25 Recreation Budget	-	-	67,484	67,484
FY25 Capital Improvement Fund (impact fees)	-	-	867,500	867,500
FY25 Parks Improvement Fund Budget	-	192,653	-	192,653
FY25 General Fund Budget	1,916,681	-	-	1,916,681
Assigned to:				
Byway Pump	60,000	-	-	60,000
Healthcare	148,866	-	-	148,866
Recreation Fund	-	-	370,115	370,115
Operating Reserve	3,519,390	-	-	3,519,390
Emergency Reserve	1,508,310	-	-	1,508,310
Construction Reserve	4,000,000	-	-	4,000,000
Capital Improvement Fund (impact fees)	-	-	1,240,569	1,240,569
Parks Capital Improvement Fund	-	1,070,601	-	1,070,601
Fiber Optic Fund	-	-	115,323	115,323
Unassigned:				
General fund	7,508,284	-	-	7,508,284
Total fund balances	19,485,578	3,421,189	2,905,561	25,812,328
Total liabilities, deferred inflows of resources and fund balances	$ 21,040,087	$ 3,829,600	$ 3,805,478	$ 28,675,165

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

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

Total fund balance at September 30, 2024 - Governmental Funds		$ 25,812,328
Leases receivable		58,912
Cost of capital and intangible assets	$ 47,714,662	
Less: accumulated depreciation and amortization		
Right-of-use lease assets	(10,060)	
Buildings	(1,496,582)	
Improvements other than buildings	(9,226,768)	
Machinery and equipment	(4,446,294)	
Infrastructure	(63,694)	32,471,264
Elimination of deferred inflows of resources		112,880
Financed purchase - current portion		(36,537)
Lease liabilities - current portion		(2,588)
Special assessmend bond - current portion		(5,437)
Long-term liabilities		
Accrued interest	(979)	
Compensated absences	(609,837)	
Leases liabilities - noncurrent portion	(653)	
Special assessment bond payable - noncurrent portion	(24,451)	(635,920)
Deferred inflows of resources from leases receivable		(58,912)
Items related to GASB 68 and reporting net pension liability:		
Proportionate share of collective deferred outflows of resources	1,278,781	
Proportionate share of collective deferred inflows of resources	19,702	
Net pension liability	(1,328,689)	(30,206)
Net position at September 30, 2024		$ 57,685,784

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

City of Sandpoint

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

	General	Parks Improvement	Other Governmental Funds	Total
REVENUES				
Special assessments and property taxes	$ 6,038,255	$ -	$ 218,291	$ 6,256,546
Licenses and permits	423,796	-	-	423,796
Grants	69,529	149,254	-	218,783
Intergovernmental revenue	3,653,135	-	-	3,653,135
Interest	911,605	315,800	176,542	1,403,947
Impact fees	-	-	358,389	358,389
Charges for services	1,790,849	497,866	88,255	2,376,970
Fines and forfeits	168,539	-	-	168,539
Miscellaneous revenues	364,733	62,000	19,375	446,108
Total revenues	13,420,441	1,024,920	860,852	15,306,213
EXPENDITURES				
General government	3,443,519	-	19,019	3,462,538
Public safety	6,006,628	-	-	6,006,628
Highways and streets	2,139,425	-	342,516	2,481,941
Culture and recreation	1,032,709	37,554	213,644	1,283,907
Capital outlay	1,232,445	6,223,644	540,009	7,996,098
Debt service:				
Principal	38,364	-	5,190	43,554
Interest	2,231	-	1,666	3,897
Total expenditures	13,895,321	6,261,198	1,122,044	21,278,563
Excess (deficiency) of revenues over (under) expenditures	(474,880)	(5,236,278)	(261,192)	(5,972,350)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	18,128	-	-	18,128
Transfers in	2,938,616	-	17,917	2,956,533
Transfers (out)	(17,917)	(18,048)	-	(35,965)
Total other financing sources (uses)	2,938,827	(18,048)	17,917	2,938,696
Net change in fund balances	2,463,947	(5,254,326)	(243,275)	(3,033,654)
Fund balances - beginning	17,021,631	8,675,515	3,148,836	28,845,982
Fund balances - ending	$ 19,485,578	$ 3,421,189	$ 2,905,561	$ 25,812,328

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

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

Total net changes in fund balances for the year ended September 30, 2024		$ (3,033,654)
Add:	Capital outlay which is considered expenditures	7,996,098
Less:	Depreciation and amortization expense	(1,653,142)
Less:	Proceeds from sale of assets	(18,128)
Add:	Gain (loss) on disposal of assets	18,128
Add:	Special assessment debt payments considered as expenditures	5,190
Add:	Financed purchase debt payments considered as expenditures	35,816
Add:	Lease liabilities debt payments considered as expenditures	2,548
Add:	Change in accrued interest expense	905
Add:	Change in compensated absences	225,276
Add:	Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	11,035
Less:	Change in net pension liability	(861,268)
Add:	Unallocated actual PERSI contributions	570,292
Change in net position for year ended September 30, 2024		$ 3,299,096

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2024

	Water	Sewer	Bond Payment Fund	Sanitation*	Total
ASSETS					
Current assets:					
Cash and investments	$ 6,760,487	$ 6,152,586	$ 136,599	$ 417,932	$ 13,467,604
Receivables	916,920	1,048,127	4,132	103,019	2,072,198
Inventory	45,826	-	-	-	45,826
Total current assets	7,723,233	7,200,713	140,731	520,951	15,585,628
Noncurrent assets:					
Restricted cash and investments	10,716,777	12,785,030	837,502	5,346	24,344,655
Land	5,121,649	1,189,930	-	-	6,311,579
Construction in progress	175,761	1,217,547	-	-	1,393,308
Capital and intangible assets, net of accumulated depreciation and amortization	29,969,208	13,643,459	-	-	43,612,667
Total noncurrent assets	45,983,395	28,835,966	837,502	5,346	75,662,209
Total assets	53,706,628	36,036,679	978,233	526,297	91,247,837
DEFERRED OUTFLOWS OF RESOURCES					
Proportionate share of collective deferred outflows of resources	196,997	142,469	-	-	339,466
Total deferred outflows of resources	196,997	142,469	-	-	339,466
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	783,872	212,723	-	1,798	998,393
Payable from restricted assets:					
Customer deposits	9,606	-	-	-	9,606
Accrued interest payable	-	-	140,731	-	140,731
Revenue bonds - current portion	-	-	511,931	-	511,931
Total current liabilities	793,478	212,723	652,662	1,798	1,660,661
Noncurrent liabilities:					
Revenue bonds - noncurrent portion	-	-	11,456,491	-	11,456,491
Compensated absences - noncurrent portion	50,727	61,349	-	-	112,076
Net pension liability	599,049	361,052	-	-	960,101
Total noncurrent liabilities	649,776	422,401	11,456,491	-	12,528,668
Total liabilities	1,443,254	635,124	12,109,153	1,798	14,189,329
DEFERRED INFLOWS OF RESOURCES					
Proportionate share of collective deferred inflows of resources	70,288	96,102	-	-	166,390
Total deferred inflows of resources	70,288	96,102	-	-	166,390
NET POSITION					
Net investment in capital and intangible assets	35,266,618	16,050,936	(11,968,422)	-	39,349,132
Restricted for:					
Debt	826,750	-	837,502	-	1,664,252
Capital improvements	9,088,330	10,918,510	-	-	20,006,840
Inflow and filtration	-	1,866,520	-	-	1,866,520
Watershed protection	704,416	-	-	-	704,416
Ponderay impact	97,281	-	-	-	97,281
Other	-	-	-	5,346	5,346
Unrestricted	6,406,688	6,611,956	-	519,153	13,537,797
Total net position	$ 52,390,083	$ 35,447,922	$ (11,130,920)	$ 524,499	$ 77,231,584

*Not a major fund

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

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

	Water	Sewer	Bond Payment Fund	Sanitation*	Total
OPERATING REVENUES					
Charges for services	$ 4,261,102	$ 5,803,108	$ -	$ 813,137	$ 10,877,347
Equipment and meter sales	-	1	-	-	1
Miscellaneous revenues	453,909	8	-	-	453,917
Total operating revenues	4,715,011	5,803,117	-	813,137	11,331,265
OPERATING EXPENSES					
Personal services	832,761	723,558	-	-	1,556,319
Contractual services	532,034	354,720	-	668,556	1,555,310
Other services and charges	380,540	290,867	-	1,320	672,727
Heat, lights, and power	126,395	159,354	-	-	285,749
Depreciation	690,134	873,808	-	-	1,563,942
Amortization	-	-	-	36,125	36,125
Change in net pension liability	93,374	81,702	-	-	175,076
Total operating expenses	2,655,238	2,484,009	-	706,001	5,845,248
Operating income	2,059,773	3,319,108	-	107,136	5,486,017
NONOPERATING REVENUES (EXPENSES)					
Interest income	884,735	976,747	50,260	24,720	1,936,462
Interest expense	-	-	(322,126)	-	(322,126)
Proceeds from sale of assets	16,704	41,225	-	-	57,929
Total nonoperating revenues (expenses)	901,439	1,017,972	(271,866)	24,720	1,672,265
Income (loss) before contributions and transfers	2,961,212	4,337,080	(271,866)	131,856	7,158,282
Capital contributions - cap fees	1,190,287	975,188	-	-	2,165,475
Transfers in	87,957	-	826,750	-	914,707
Transfers (out)	(2,233,532)	(1,442,920)	-	(158,823)	(3,835,275)
Total transfers	(2,145,575)	(1,442,920)	826,750	(158,823)	(2,920,568)
Change in net position	2,005,924	3,869,348	554,884	(26,967)	6,403,189
Total net position - beginning	50,384,159	31,578,574	(11,685,804)	551,466	70,828,395
Total net position - ending	$ 52,390,083	$ 35,447,922	$ (11,130,920)	$ 524,499	$ 77,231,584

*Not a major fund

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

City of Sandpoint

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

	Water	Sewer	Bond Payment	Sanitation*	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 4,493,292	$ 5,508,140	$ -	$ 805,487	$ 10,806,919
Payments to employees	(886,435)	(761,019)	-	-	(1,647,454)
Payments to suppliers	(405,105)	(716,648)	-	(668,078)	(1,789,831)
Net cash provided (used) by operating activities	3,201,752	4,030,473	-	137,409	7,369,634
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Additional contributed capital	1,190,287	975,188	-	-	2,165,475
Operating transfers (out) in	(2,145,575)	(1,442,920)	826,750	(158,823)	(2,920,568)
Net cash provided (used) by noncapital financing activities	(955,288)	(467,732)	826,750	(158,823)	(755,093)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of fixed assets	(1,406,194)	(2,234,839)	-	-	(3,641,033)
Proceeds from sale of assets	16,704	41,225	-	-	57,929
Principal paid on bonds and leases	-	-	(498,798)	-	(498,798)
Principal paid on lease liability	-	-	-	(37,389)	(37,389)
Interest paid	-	-	(327,952)	-	(327,952)
Net cash provided (used) by capital and related financing activities	(1,389,490)	(2,193,614)	(826,750)	(37,389)	(4,447,243)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest income	884,735	976,747	50,116	24,720	1,936,318
Net cash provided (used) by investing activities	884,735	976,747	50,116	24,720	1,936,318
Net increase (decrease) in cash and investments	1,741,709	2,345,874	50,116	(34,083)	4,103,616
Cash and investments, beginning	15,735,555	16,591,742	923,985	457,361	33,708,643
Cash and investments, ending	$ 17,477,264	$ 18,937,616	$ 974,101	$ 423,278	$ 37,812,259
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	$ 2,059,773	$ 3,319,108	$ -	$ 107,136	$ 5,486,017
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	690,134	873,808	-	-	1,563,942
Amortization	-	-	-	36,125	36,125
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	(231,325)	(294,977)	-	(7,650)	(533,952)
Inventory	(6,215)	-	-	-	(6,215)
Increase (decrease) in:					
Vouchers payable	640,079	97,797	-	1,798	739,674
Items related to net pension liability	39,700	34,737	-	-	74,437
Customer deposits	9,606	-	-	-	9,606
Net cash provided (used) by operating activities	$ 3,201,752	$ 4,030,473	$ -	$ 137,409	$ 7,369,634
Reconciliation of cash to the statement of net position:					
Cash/investments	$ 6,760,487	$ 6,152,586	$ 136,599	$ 417,932	$ 13,467,604
Restricted cash/investments	10,716,777	12,785,030	837,502	5,346	24,344,655
	$ 17,477,264	$ 18,937,616	$ 974,101	$ 423,278	$ 37,812,259

*Not a major fund

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Sandpoint (the "City") is an incorporated city of the State of Idaho. The City of Sandpoint, Idaho operates under a Mayor/Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture - recreation, public improvements, planning and zoning, and general administrative services.

The City is governed by an elected Mayor and City Council. The City provides a wide range of municipal services that include police, fire, and other services. Water, sewer, bond payment, and sanitation services are provided by the City and are accounted for as enterprise funds.

The financial statements include all operations controlled by the City. A reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of the relationship are such that exclusion would cause the reporting entity's financial statements to be misleading.

The Sandpoint Urban Renewal Agency (the "Agency") was established to promote urban development and improvement in deteriorated areas within the Agency's boundaries. The Agency is governed by a seven-member Board of Commissioners appointed by the Mayor of the City and confirmed by the City Council. The City Council has the ability to appoint, reassign or dismiss the board members of the Agency. The Agency is considered a discretely presented component unit of the City and is reported in the discretely presented component unit column in the government wide financial statements to emphasize it is legally separate from the City. Complete financial statements for the Agency can be obtained at the clerk's office.

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

The most significant of the City's accounting policies are described below:

B. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The City, at this time, does not report internal service funds.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The *Parks Improvement Fund* is used to account for user fees, program fees and private donations restricted for the development of public properties devoted to parks and recreation.

The government reports the following major proprietary funds:

The *Water Fund* accounts for the provision of water services to individuals and commercial users. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, maintenance, financing, and related debt service.

The *Sewer Fund* accounts for the provision of wastewater services to individuals and commercial users. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations, maintenance, financing, and related debt service.

The *Bond Payment Fund* accounts for the payment of bond debt associated with the proprietary funds.

The government reports the following nonmajor proprietary fund:

The *Sanitation Fund* accounts for the provision of sanitation services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including (but not limited to) administration, operations and maintenance.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Fund Financial Statements (Concluded)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital and intangible asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Concluded)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater and sanitation funds are charges to customers for sales and services. The water and sewer fund also recognize as operating revenue the portion of cap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

For purposes of reporting cash flows, cash (unrestricted as well as restricted cash) and cash equivalents include: cash on hand, amount due from banks, and investments with maturities of less than 90 days. If maturity is greater than 90 days, the certificates of deposit are classified as cash equivalents since they are part of the City's cash management activity, short-term and readily convertible to known amounts of cash. Investments are stated at cost, which approximates market. Investments on hand at September 30, 2024 meet the guidelines as set by regulations of the State of Idaho.

F. Capital and Intangible Assets

Capital and intangible assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-of-use lease assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The City contracted with an independent appraisal firm to perform a complete inventory of capital assets in June of 2004. Capital assets were valued at estimated historical costs when original costs were not available. The City continues to update this inventory. Donated fixed assets are capitalized at fair value on the date donated.

Capital and intangible assets valued at $15,000 or more which have a useful life of more than three years are capitalized.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives are not capitalized.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital and Intangible Assets (Concluded)

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Equipment	5 – 15
Infrastructure	75
Other improvements	20

Intangible right-of-use lease assets are recorded at net present value, and lease liabilities are amortized using the straight-line method over the life of the lease.

G. Compensated Absences

Newly hired employees will start to earn paid time off ("PTO") time at the rate of 14 hours per month. Accrual rates increase with an employee's years of service and cannot exceed two times the annual accrual rate. Employees must have five years of experience to request a cash out of PTO balances in excess of the required minimum balance of 160 hours. Upon separation from service for any reason other than retirement, employees will be cashed out at 100% of their PTO balance.

Employees must be in paid status for more than one-half (1/2) of their scheduled workdays during the month to earn credit for PTO time. Employees working percentage time (permanent part-time) will accrue PTO time on a pro-rated basis.

H. Accrued Liabilities and Long-term Obligations

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

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

I. Deferred Outflows/Inflows of Resources

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

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources (Concluded)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide and proprietary funds statement of net position. The government-wide and proprietary funds statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

J. Fund Balance Classifications

The City has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of September 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The City reports the following classifications:

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

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

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance Classifications (Concluded)

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

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

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

K. Fund Balance Flow Assumptions

Sometimes, the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

L. Net Position Flow Assumptions

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

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

L. Net Position Flow Assumptions (Concluded)

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

M. Estimates

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

N. Property Taxes

Property Taxes - Property taxes are levied by the board of commissioners on the first Monday in September and become payable on December 20. Taxpayers may pay one-half on December 20, and the remaining half the following June 20. Property taxes are computed from levies and collections verified by inspection of records of the Bonner County auditor's office. Bonner County collects all property tax revenue for the City.

Bonner County – Due from Bonner County are taxes and other county collections allocable to the fiscal year ended September 30, 2024, which were collected and held by the county at September 30, 2024, but not yet remitted to the City until after September 30, 2024.

O. Pensions

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

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

P. Beneficial Interest – Assets Held by the Innovia Foundation

On February 26, 2024, the City established an endowment fund that is perpetual in nature. The fund is held and invested by the Innovia Foundation for the City's benefit and is reported at fair value in the statement of net position, with distributions and changes in fair value recognized in the statement of activities.

(Continued)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1) Prior to September 1, the Finance Director, the Mayor, and the City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public hearings are conducted at the city hall to obtain taxpayer comments.
3) Prior to October 1, the budget is legally enacted through passage of an ordinance.
4) The City Council by following the same budgetary procedures used to adopt the original budget may amend it to a greater amount if additional revenue will accrue to the City as a result of increases in state or federal grants or allocations, as a result of an increase in revenues from any source other than ad valorem tax revenues or as a result of an increase in enterprise funds to finance the operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.
5) Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds and capital project funds.
6) Budgets for the general and special revenue funds are adopted on a basis that differs with generally accepted accounting principles (GAAP) as applied to government units. Generally accepted accounting principles require that the total cost of equipment purchased through capital leases for the current year be recorded as an expenditure. The City budgets for the payment on these capital leases only and not the total cost of the equipment.
7) Budgeted amounts are as originally adopted or as amended by the City Council.

The City does not use the encumbrance method of accounting.

(Continued)

NOTE 3: CASH AND INVESTMENTS

General:

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

Custodial credit risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the City's deposits and investments may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2024, the City's deposits and investments were not exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:	
Amount insured by FDIC	$ 250,000
Amount collateralized with securities held in trust, but not to the City's name	63,336,347
Total deposits without exposure to custodial credit risk	63,586,347
Deposits with exposure to custodial credit risk:	
Amount not insured by FDIC	1,374,650
Total deposits with exposure to custodial credit risk	1,374,650
Total deposits	$ 64,960,997
The following is a recap of the carrying amount:	
Statement of net position:	
Cash and investments	$ 38,104,037
Restricted cash	26,618,779
	$ 64,722,816

Fair value:

The City invests in the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

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

(Continued)

NOTE 3: CASH AND INVESTMENTS (CONCLUDED)

Credit risk:

The Idaho State Investment Pool and DBF do not have an established credit rating but invests in entities with credit ratings as stipulated by Idaho code. The City does not have a formal policy for credit risk. Financial information on the Idaho State Investment Pool and DBF can be obtained by contacting the Idaho State Treasurer.

NOTE 4: ACCOUNTS RECEIVABLE

Enterprise accounts receivable consist of the following as of September 30, 2024:

Receivables	Water	Sewer	Bond Payment	Sanitation	Total
Accounts	$ 842,833	$ 967,806	$ -	$ 101,224	$ 1,911,863
Interest	74,087	80,321	4,132	1,795	160,335
Gross receivables	916,920	1,048,127	4,132	103,019	2,072,198
Less: Allowance for uncollectible	-	-	-	-	-
Net receivables	$ 916,920	$ 1,048,127	$ 4,132	$ 103,019	$ 2,072,198

NOTE 5: CHANGES IN FIXED ASSETS

Plant and equipment and accumulated depreciation and amortization are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital and intangible assets, not being depreciated and amortized:					
Land	$ 2,369,186	$ -	$ -	$ -	$ 2,369,186
Construction in progress	1,161,679	7,269,841	-	(1,334,859)	7,096,661
Total capital and intangible assets, not being depreciated and amortized	3,530,865	7,269,841	-	(1,334,859)	9,465,847
Capital and intangible assets, being depreciated and amortized:					
Right-of-use lease assets	13,204	-	-	-	13,204
Buildings	6,152,375	2,618	-	388,790	6,543,783
Improvements other than buildings	23,707,891	115,160	-	462,558	24,285,609
Machinery and equipment	5,964,427	608,479	(276,605)	483,511	6,779,812
Infrastructure	626,407	-	-	-	626,407
Total capital and intangible assets being depreciated and amortized	36,464,304	726,257	(276,605)	1,334,859	38,248,815
Less accumulated depreciation and amortization for:					
Right-of-use lease assets	(7,545)	(2,515)	-	-	(10,060)
Buildings	(1,371,208)	(125,374)	-	-	(1,496,582)
Improvements other than buildings	(8,120,479)	(1,106,289)	-	-	(9,226,768)
Machinery and equipment	(4,315,987)	(406,912)	276,605	-	(4,446,294)
Infrastructure	(51,642)	(12,052)	-	-	(63,694)
Total accumulated depreciation and amortization	(13,866,861)	(1,653,142)	276,605	-	(15,243,398)
Total capital and intangible assets, being depreciated and amortized, net	22,597,443	(926,885)	-	1,334,859	23,005,417
Governmental activities capital and intangible assets, net	$ 26,128,308	$ 6,342,956	$ -	$ -	$ 32,471,264

(Continued)

NOTE 5: CHANGES IN FIXED ASSETS (CONCLUDED)

Plant and equipment and accumulated depreciation and amortization are as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital and intangible assets, not being depreciated and amortized:					
Land	$ 6,311,579	$ -	$ -	$ -	$ 6,311,579
Construction in progress	276,929	1,184,193	-	(67,814)	1,393,308
Total capital and intangible assets, not being depreciated and amortized	6,588,508	1,184,193	-	(67,814)	7,704,887
Capital and intangible assets, being depreciated and amortized:					
Right-of-use lease assets	361,246	-	(361,246)	-	-
Buildings	546,822	60,286	-	-	607,108
Improvements other than buildings	271,488	-	-	-	271,488
Machinery and equipment	3,303,519	1,153,011	(402,006)	67,814	4,122,338
Infrastructure	60,566,801	1,243,543	-	-	61,810,344
Total capital and intangible assets being depreciated and amortized	65,049,876	2,456,840	(763,252)	67,814	66,811,278
Less accumulated depreciation and amortization for:					
Right-of-use lease assets	(325,121)	(36,125)	361,246	-	-
Buildings	(267,713)	(11,757)	-	-	(279,470)
Improvements other than buildings	(37,233)	(12,819)	-	-	(50,052)
Machinery and equipment	(2,461,711)	(376,482)	402,006	-	(2,436,187)
Infrastructure	(19,270,018)	(1,162,884)	-	-	(20,432,902)
Total accumulated depreciation and amortization	(22,361,796)	(1,600,067)	763,252	-	(23,198,611)
Total capital and intangible assets, being depreciated and amortized, net	42,688,080	856,773	-	67,814	43,612,667
Business-type activities capital and intangible assets, net	$ 49,276,588	$ 2,040,966	$ -	$ -	$ 51,317,554

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 228,318
Public safety	163,461
Highways and streets, including depreciation of general infrastructure assets	609,862
Culture and recreation	651,501
Total depreciation and amortization expense - governmental activities	$ 1,653,142
Business-type activities:	
Water	$ 690,134
Sewer	873,808
Sanitation	36,125
Total depreciation and amortization expense - business-type activities	$ 1,600,067

(Continued)

NOTE 6: BONDS PAYABLE

Bonds payable at September 30, 2024, are comprised of the following individual revenue bond issues:

2012 Water Facility Improvement Bonds	
Payable in annual installments of $444,510 including 2.75% interest	$ 6,243,409
2013 Water Facility Improvement Bonds	
Payable in annual installments of $382,240 including 2.50% interest	5,725,013
	$ 11,968,422

Revenue bond debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2025	$ 511,931	$ 314,819
2026	525,411	301,339
2027	539,247	287,503
2028	553,449	273,301
2029	568,025	258,725
2030-2034	3,072,593	1,061,157
2035-2039	3,499,242	634,508
2040-2043	2,698,525	161,670
	$ 11,968,422	$ 3,293,023

The above outstanding bonds are secured by a first lien on net revenues earned by enterprise funds. Net revenues are defined in the bond agreements. The enterprise funds are required to establish bond reserves in the amounts of $444,510 and $382,240. The required reserve is on hand. The enterprise funds are also required to establish user fees and rates that will yield net revenues equal to at least 1.4 times the debt service that will become due in the following year.

NOTE 7: SPECIAL ASSESSMENT DEBT

Maturity Date	Interest Rate	Principal	Interest	Total
2025	4.75%	$ 5,437	$ 1,420	$ 6,857
2026	4.75%	5,695	1,162	6,857
2027	4.75%	5,966	891	6,857
2028	4.75%	6,249	608	6,857
2029	4.75%	6,541	311	6,852
		$ 29,888	$ 4,392	$ 34,280

The City is fully obligated for the local improvement debt, placing liens against the property owners to ensure payment to the City. The LID Guarantee Fund was established by ordinance to provide additional security for the local improvement district bondholders.

(Continued)

NOTE 8: LEASE LIABILITIES

Business-type lease:

The City of Sandpoint entered into a lease agreement as lessee with Bigbelly Solar Inc. for waste receptacles in April 2019. The lease is for 60 months with monthly payments of $6,259.55. The City of Sandpoint has used an estimated incremental borrowing rate of 1.541%. The lease was paid in full during 2024.

Governmental leases:

The City of Sandpoint entered into a lease agreement as lessee with Kelley Connect for a copier in October 2020. The lease is for 63 months with monthly payments of $218.31. The City of Sandpoint has used an estimated incremental borrowing rate of 1.541%.

The right-of-use lease assets are listed as follows:

Governmental activities:	
Right-of-use lease asset	$ 13,204
Less accumulated amortization	(10,060)
Right-of-use lease asset, net amortization	$ 3,144

Future minimum lease payments are as follows:

Governmental activities:

	Equipment		
For the year ended,	Principal	Interest	Total
2025	$ 2,588	$ 31	$ 2,619
2026	653	2	655
	$ 3,241	$ 33	$ 3,274

NOTE 9: LEASE RECEIVABLE

The City of Sandpoint entered into a lease agreement as lessor with Lead-Lok Inc. for a building in January 2016. The lease is for 9 years with monthly payments of $19,637.23. The lease has a 0% interest rate. The City has established a capitalization threshold of $15,000 for intangible assets.

The City of Sandpoint received $235,647 in lease revenue during the year ending September 30, 2024. The lease receivable at September 30, 2024, is listed as follows:

Building and Land Leases:	
Leases receivable	$ 58,912
Deferred inflows of resources	$ (58,912)

(Continued)

NOTE 9: LEASE RECEIVABLE (CONCLUDED)

Future minimum lease payments to be received are as follows:

Governmental activities:

	Building and Land Leases		
For the year ended,	Principal	Interest	Total
2025	$ 58,912	$ -	$ 58,912
	$ 58,912	$ -	$ 58,912

NOTE 10: FINANCED PURCHASE

The City of Sandpoint's existing lease purchase agreement includes a Rosenbauer Fire Apparatus with annual lease payments of $37,977.23 through November 2024, and a 2.95% interest rate.

Governmental activities:

	Vehicle		
For the year ended,	Principal	Interest	Total
2025	$ 36,537	$ 1,089	$ 37,626
	$ 36,537	$ 1,089	$ 37,626

NOTE 11: CHANGES IN LONG-TERM DEBT

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 835,113	$ -	$ 225,276	$ 609,837	$ -
Special assessment bonds payable	35,078	-	5,190	29,888	5,437
Financed purchase	72,353	-	35,816	36,537	36,537
Lease liabilities	5,789	-	2,548	3,241	2,588
Governmental activities long-term liabilities	$ 948,333	$ -	$ 268,830	$ 679,503	$ 44,562
Business-type activities:					
Revenue bonds payable	$ 12,467,220	$ -	$ 498,798	$ 11,968,422	$ 511,931
Lease liabilities	37,389	-	37,389	-	-
Compensated absences	116,321	-	4,245	112,076	-
Business-type activities long-term liabilities	$ 12,620,930	$ -	$ 540,432	$ 12,080,498	$ 511,931

(Continued)

NOTE 12: SEGMENT INFORMATION FOR CERTAIN ENTERPRISE FUNDS

The government issued revenue bonds to finance its water and sewer departments. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Summary financial information for the water department and sewer department is presented as follows:

	Water Funds	Sewer Funds
Condensed statement of net position:		
Assets:		
Current assets	$ 7,723,233	$ 7,200,713
Restricted assets - cash investments	10,716,777	12,785,030
Capital and intangible assets, net of accumulated depreciation and amortization	35,266,618	16,050,936
Total assets	53,706,628	36,036,679
Deferred outflows of resources:		
Proportionate share of collective deferred outflows of resources	196,997	142,469
Liabilities:		
Current liabilities	793,478	212,723
Noncurrent liabilities	649,776	422,401
Total liabilities	1,443,254	635,124
Deferred inflows of resources:		
Proportionate share of collective deferred inflows of resources	70,288	96,102
Net position:		
Net investment in capital assets	35,266,618	16,050,936
Restricted	10,716,777	12,785,030
Unrestricted	6,406,688	6,611,956
Total net position	$ 52,390,083	$ 35,447,922

(Continued)

NOTE 12: SEGMENT INFORMATION FOR CERTAIN ENTERPRISE FUNDS (CONCLUDED)

Summary financial information for the water department and sewer department is presented as follows (concluded):

	Water Funds	Sewer Funds
Condensed statement of revenues, expenses and changes in net position:		
Operating revenues	$ 4,715,011	$ 5,803,117
Operating expenses	(2,655,238)	(2,484,009)
Operating income	2,059,773	3,319,108
Nonoperating revenues (expenses)	901,439	1,017,972
Capital contributions - cap fees	1,190,287	975,188
Net transfers in/(out)	(2,145,575)	(1,442,920)
	(53,849)	550,240
Change in net position	2,005,924	3,869,348
Beginning net position	50,384,159	31,578,574
Ending net position	$ 52,390,083	$ 35,447,922
Condensed statement of cash flows:		
Net cash provided (used) by:		
Operating activities	$ 3,201,752	$ 4,030,473
Noncapital financing activities	(955,288)	(467,732)
Capital and related financial activities	(1,389,490)	(2,193,614)
Investing activities	884,735	976,747
Net increase (decrease)	1,741,709	2,345,874
Beginning cash and cash equivalents	15,735,555	16,591,742
Ending cash and cash equivalents	$ 17,477,264	$ 18,937,616

(Continued)

NOTE 13: INTERFUND TRANSACTIONS

Interfund transfers (net) during the fiscal year ended September 30, 2024 were as follows:

	Transfers In	Transfers Out
General fund	$ 2,938,616	$ 17,917
Parks Improvement	-	18,048
Nonmajor governmental funds	17,917	-
Major enterprise funds	914,707	3,676,452
Nonmajor enterprise funds	-	158,823
	$ 3,871,240	$ 3,871,240

The principal purposes for the transfer of funds from the Enterprise Funds to the General Fund are to cover the administration costs of operating the City's utility division and payment of revenue bonds.

NOTE 14: DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Sandpoint 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.

The City also contributes to the Firefighters' Retirement Fund (FRF) which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI Base Plan. The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. 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.

Responsibility for administration of the FRF 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 System members with at least ten years of service and three members who are Idaho citizens not members of the System except by reason of having served on the Board.

(Continued)

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits to eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members in the Base Plan 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 participant's average monthly salary for the highest consecutive 42 months.

The FRF provides retirement, disability, death and survivor benefits to eligible members or beneficiaries. Benefits are based on members' years of service as well as their final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the Base Plan and FRF 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 Retirement Board has the authority to provide higher PERSI Base Plan 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.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage.

Member and Employer Contributions

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

The Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. The City's contributions were $902,109 for the year ended September 30, 2024.

For FRF, the City's contributions were $0 for the year ended September 30, 2024.

(Continued)

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At September 30, 2024, the City reported a liability for the base plan (net of the net pension asset with the FRF plan) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024 the City's proportion was 0.1224574 percent.

At September 30, 2024, the City reported an asset for the FRF (netted against the net pension liability of the Base Plan) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2024 the City's proportion was 0.9105842 percent.

For the year ended September 30, 2024, the City of Sandpoint recognized pension expense of $1,036,344. At September 30, 2024 the City of Sandpoint 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	$ 169,866	$ 86,719
Changes of assumptions	181,464	-
Net difference between projected and actual earnings on pension plan investments	802,962	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	59,969
City of Sandpoint's contributions subsequent to the measurement	463,955	-
Total	$ 1,618,247	$ 146,688

$463,955 was reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

(Continued)

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

In the FRF Plan, the average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023, the beginning of the measurement period ended June 30, 2024, is 1.0 year and 1.0 year for the measurement period June 30, 2023.

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 base plan:

Year ended September 30:	
2025	$ 226,085
2026	$ 854,082
2027	$ (147,285)
2028	$ (105,277)

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 FRF:

Year ended September 30:	
2025	$ (26,736)
2026	$ 123,368
2027	$ (22,445)
2028	$ (514)

Actuarial Assumptions

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

Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore, there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

(Continued)

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

Actuarial Assumptions – Base Plan

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%

The total pension asset in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions – FRF

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

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

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

For FRF, an experience study was performed for the period July 1, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Asset as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

(Continued)

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

For the Base Plan, the capital market assumptions are as of 2024.

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

For FRF, the capital market assumptions are as of 2024.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large cap	18.00%	4.50%
Small/mid cap	11.00%	4.70%
International equity	15.00%	4.50%
Emerging markets equity	10.00%	4.90%
Domestic fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real estate	8.00%	3.75%
Private equity	8.00%	6.00%

(Continued)

NOTE 14: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Discount Rate

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's net pension liability (asset)	$ 6,773,772	$ 2,288,790	$ (1,440,440)

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

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

NOTE 15: CONTINGENCIES

The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement from 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. The City is a party to legal actions arising in the ordinary course of its business. In management's opinion, the City has adequate legal defenses and/or insurance coverage regarding these legal actions and does not believe that they will materially affect the City's operations or financial position.

(Continued)

NOTE 16: DEFERRED COMPENSATION PLANS

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and defer paying taxes on such portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

A financial advisor, unrelated to the City, administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City, subject only to the claims of the general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy any claims of general creditors. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 17: ENDOWMENT

The endowment fund of the City consists of one fund designated by the City Council to function as an endowment for the purpose of establishing a source of medium-to-long-term support for improvements to the James E. Russel Sports Center.

The endowment fund was opened with an initial principal contribution of $25,000, without donor restriction, on February 26, 2024. No additional funds have been contributed since the initial contribution.

NOTE 18: FAIR VALUE MEASUREMENTS

The City's investments are reported at fair value in the accompanying statement of net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable vale or reflective future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
September 30, 2024				
CIF Pool	$ 25,000	$ -	$ -	$ 25,000
Total	$ 25,000	$ -	$ -	$ 25,000

(Continued)

NOTE 18: FAIR VALUE MEASUREMENTS (CONCLUDED)

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of significant other observables inputs other than quoted prices for identical assets; and Level 3 consists of significant unobservable input and has the lowest priority. The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. There were only level 3 inputs during the fiscal year ended September 30, 2024.

NOTE 19: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

NOTE 20: DEFICIT FUND BALANCE

A deficit balance exists in the following individual fund:

	Deficit Net Position Balance
Bond Payment Fund	$ (11,130,920)

NOTE 21: DUE FROM COMPONENT UNIT – SANDPOINT URBAN RENEWAL AGENCY

As of September 30, 2024, the City of Sandpoint had a $656,344 balance due from Sandpoint Urban Renewal Agency (SURA). This balance consists of two portions, one related to the Downtown Revitalization Project and the other related to miscellaneous projects. The amount related to the Downtown Revitalization project was $572,528, and this was recorded as a long-term note payable on SURA's financial statements. The amount related to miscellaneous projects was $83,816 and was recorded as accounts payable on SURA's financial statements.

NOTE 22: COMPONENT UNIT – SANDPOINT URBAN RENEWAL AGENCY

CASH AND INVESTMENTS

Cash and cash equivalents consist of deposits held in checking and money market accounts with a local bank, and amounts invested in the Idaho State Local Government Investment Pool (LGIP). Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. At September 30, 2024, the Agency's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Both the carrying amount of cash and investments on the Agency's books (including restricted cash), and bank balances and deposits with LGIP at September 30, 2024, totaled $6,296,407.

(Continued)

NOTE 22: COMPONENT UNIT – SANDPOINT URBAN RENEWAL AGENCY (CONTINUED)

CASH AND INVESTMENTS (CONCLUDED)

A summary of the total insured and uninsured bank and LGIP balances at September 30, 2024 is as follows:

Bank balances	$	597,831
Idaho State Local Government Investment Pool balances		5,698,576
		6,296,407
Portion insured by FDIC		(250,000)
Uninsured bank and LGIP balances	$	6,046,407

The Agency has not adopted a formal investment policy. At September 30, 2024, the Agency had the following investments.

Investments	Maturities	Fair Value
Idaho State Local Government Investment Pool	106 days (weighted average)	$5,698,576

Interest Rate Risk: The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: State law limits investments to obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and State of Idaho investment pools and funds. The Agency has no investment policy that would further limit its investment choices. At September 30, 2024, the Agency's investment in the Idaho State Local Government Investment Pool is not rated.

Concentration of Credit Risk: The Agency places no limit on the amount the Agency may invest in any one issuer. All of the Agency's investments are in the Idaho State Local Government Investment Pool.

The Idaho State Local Government Investment Pool is overseen and managed by the State of Idaho Treasurer's Office.

RECEIVABLES

Property taxes receivable at September 30, 2024 are summarized as follows:

Unearned property taxes receivable	$	1,737,287
Delinquent property taxes receivable		29,919
	$	1,767,206

Unearned property taxes receivable consist of property taxes levied for collection in the next fiscal year. These amounts have been offset by unearned property tax revenue in the entity-wide and governmental funds financial statements. Property taxes receivable consist of property taxes received within the first 30 days after the end of the Agency's fiscal year end that relate to taxes levied for the current or prior fiscal years. Delinquent property taxes receivable consists of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within 30 days after the end of the Agency's fiscal year. These amounts have been offset by a deferred inflow of resources in the governmental funds financial statements.

(Continued)

NOTE 22: COMPONENT UNIT – SANDPOINT URBAN RENEWAL AGENCY (CONTINUED)

LONG-TERM OBLIGATIONS

Note Payable to the City of Sandpoint

The Agency and the City have entered into an informal agreement in which certain large community development projects are initially funded by the City and will be repaid by the Agency as future property taxes are collected. The informal agreement does not contain a specific repayment schedule and, therefore, no portion of the long-term debt is considered to be due and payable.

Revenue Allocation Note Payable

On September 7, 2018, the Agency issued a $1,500,000 revenue allocation note, with an interest rate of 3.63% per annum. The purpose of the note is for the acquisition, construction, and installation of public improvements within the Downtown District. The note, which requires semi-annual payments of approximately $83,378 including interest, required an initial payment beginning on March 15, 2019, and matures on September 15, 2029.

At September 30, 2024, the Agency had restricted cash of $84,608, which is held in a separate debt service payment account. The use of this cash is restricted to paying the semi-annual installments on the note.

The annual requirements to pay the above revenue allocation notes are as follows:

Year Ending September 30,	Principal	Interest	Total
2025	$ 140,209	$ 26,547	$ 166,756
2026	145,417	21,339	166,756
2027	150,818	15,938	166,756
2028	156,387	10,369	166,756
2029	163,561	4,528	168,089
	$ 756,392	$ 78,721	$ 835,113

A summary of changes in long-term obligations of the Agency for the year ended September 30, 2024 is as follows:

	Long-Term Obligations September 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations September 30, 2024	Due Within One Year
Note payable to the City	$ 1,047,528	$ -	$ (475,000)	$ 572,528	$ -
2018 Revenue Allocation	894,913	-	(138,521)	756,392	140,209
	$ 1,942,441	$ -	$ (613,521)	$ 1,328,920	$ 140,209

(Continued)

NOTE 22: COMPONENT UNIT – SANDPOINT URBAN RENEWAL AGENCY (CONCLUDED)

COMMITMENTS AND CONTINGENCIES (SURA)

As of September 30, 2024, the Agency was involved in discussions with several interested parties on future urban development projects, although none of these projects had been formalized and the Agency had not entered into any agreements to provide funding for the projects. It is anticipated that any approved projects will be funded through the Agency and tax increment financing in the future.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

City of Sandpoint

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

	Original Budget Amounts *	Actual Amounts	Variance With Final Budget
REVENUES			
Special assessments and property taxes	$ 6,338,830	$ 6,038,255	$ (300,575)
Licenses and permits	456,300	423,796	(32,504)
Grants	1,062,500	69,529	(992,971)
Intergovernmental revenue	5,259,227	3,653,135	(1,606,092)
Interest	30,000	911,605	881,605
Charges for services	2,367,817	1,790,849	(576,968)
Fines and forfeits	95,500	168,539	73,039
Miscellaneous revenues	267,500	364,733	97,233
Total revenues	15,877,674	13,420,441	(2,457,233)
EXPENDITURES			
General government	4,758,402	3,443,519	1,314,883
Public safety	7,216,322	6,006,628	1,209,694
Highways and streets	2,793,862	2,139,425	654,437
Culture and recreation	1,197,137	1,032,709	164,428
Capital outlay	4,512,200	1,232,445	3,279,755
Debt service:			
Principal	35,815	38,364	(2,549)
Interest	2,163	2,231	(68)
Total expenditures	20,515,901	13,895,321	6,620,580
Excess (deficiency) of revenues over (under) expenditures	(4,638,227)	(474,880)	4,163,347
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	2,000	18,128	16,128
Transfers in	2,931,757	2,938,616	6,859
Transfers (out)	(17,917)	(17,917)	-
Total other financing sources (uses)	2,915,840	2,938,827	22,987
Net change in fund balances	(1,722,387)	2,463,947	4,186,334
Fund balances - beginning	1,722,387	17,021,631	15,299,244
Fund balances - ending	$ -	$ 19,485,578	$ 19,485,578

* The original budget was not amended.

City of Sandpoint

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

	Original Budget Amounts *	Actual Amounts	Variance With Final Budget
REVENUES			
Grants	$ 561,168	$ 149,254	$ (411,914)
Interest	-	315,800	315,800
Charges for services	536,850	497,866	(38,984)
Miscellaneous revenues	-	62,000	62,000
Total revenues	1,098,018	1,024,920	(73,098)
EXPENDITURES			
Culture and recreation	213,187	37,554	175,633
Capital outlay	8,217,000	6,223,644	1,993,356
Total expenditures	8,430,187	6,261,198	2,168,989
Excess (deficiency) of revenues over (under) expenditures	(7,332,169)	(5,236,278)	2,095,891
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(18,048)	(18,048)
Total other financing sources (uses)	-	(18,048)	(18,048)
Net change in fund balances	(7,332,169)	(5,254,326)	2,077,843
Fund balances - beginning	7,332,169	8,675,515	1,343,346
Fund balances - ending	$ -	$ 3,421,189	$ 3,421,189

* The original budget was not amended.

City of Sandpoint

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension asset (liability)	0.1224574%	0.1255165%	0.1233079%	0.1295803%	0.1302963%	0.1332440%	0.1348010%	0.1249960%	0.1529441%	0.1536525%
Employer's proportionate share of the net pension asset (liability)	$ (4,580,695)	$ (5,008,948)	$ (4,856,801)	$ 102,340	$ (3,025,652)	$ (1,520,943)	$ (1,988,338)	$ (1,964,722)	$ (3,100,412)	$ (2,023,353)
Employer's covered-employee payroll	$ 7,356,531	$ 7,367,101	$ 6,898,144	$ 6,242,562	$ 5,161,140	$ 4,115,964	$ 4,429,874	$ 3,937,266	$ 3,810,467	$ 3,672,792
Employer's proportional share of the net pension asset (liability) as a percentage of its covered employee payroll	-62.27%	-67.99%	-70.41%	1.64%	-58.62%	-36.95%	-44.88%	-49.90%	-81.37%	-55.09%
Plan fiduciary net position as a percentage of the total pension asset (liability)	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

Data reported is measured as of June 30, 2024.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 902,109	$ 901,992	$ 834,732	$ 692,518	$ 640,453	$ 554,406	$ 505,362	$ 449,242	$ 434,757	$ 419,176
Contributions in relation to the statutorily required contribution	902,109	901,992	834,732	692,518	640,453	554,406	505,362	449,242	434,757	419,176
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ 7,356,531	$ 7,367,101	$ 6,898,144	$ 6,242,562	$ 5,161,140	$ 4,115,964	$ 4,429,874	$ 3,937,266	$ 3,810,467	$ 3,672,792
Contributions as a percentage of covered-employee payroll	12.26%	12.24%	12.10%	11.09%	12.41%	13.47%	11.41%	11.41%	11.41%	11.41%

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

Data reported is reported as of September 30, 2024.

City of Sandpoint

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Asset
FRF
Last 10 - Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension asset	0.9105842%	0.9105842%	0.9105842%	0.9105842%	0.9105842%	1.0017533%	0.9423588%	0.8313845%	0.9377482%	0.8906485%
Employer's proportionate share of the net pension asset	$ 2,291,905	$ 2,152,646	$ 591,296	$ 2,460,643	$ 1,355,852	$ 1,440,057	$ 1,066,469	$ 713,292	$ 504,025	$ 481,045
Employer's covered-employee payroll	$ -	$ -	$ -	$ -	$ 215,648	$ 236,122	$ 211,741	$ 623,257	$ 439,502	$ 629,835
Employer's proportional share of the net pension asset as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	628.73%	609.88%	503.67%	114.45%	114.68%	76.38%
Plan fiduciary net position as a percentage of the total pension asset	207.66%	200.58%	184.72%	211.83%	155.55%	152.74%	140.15%	129.65%	118.42%	112.01%

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

Data reported is measured as of June 30, 2024.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ -	$ -	$ -	$ -	$ 35,927	$ 39,338	$ 35,276	$ 102,809	$ 73,221	$ 122,514
Contributions in relation to the statutorily required contribution	-	-	-	-	35,927	39,338	35,276	102,809	73,221	122,514
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ -	$ -	$ -	$ -	$ 215,648	$ 236,122	$ 211,741	$ 623,257	$ 439,502	$ 629,835
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	16.66%	16.66%	16.66%	16.50%	16.66%	19.45%

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

Data reported is reported as of September 30, 2024.

City of Sandpoint

NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

Activities

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources and payments of special assessment bond principal and interest from special assessment levies, and consist of Local Improvement District (LID) funds.

LID #32 – accounts for the accumulation of resources and payment of special assessment bond principal and interest from special assessment levies.

LID Guarantee – accounts for the additional security for the LID Bonds. This is established by ordinance.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a particular purpose.

Recreation – This fund is used to account for tax levies and program revenues committed and/or assigned to the administration and development of recreation programs.

Impact Fees – This fund is used to account for impact fee revenue committed and/or assigned for the development as identified in the City's "Development Impact Fee Program/Capital Improvement Plan".

Fiber Optic Network – This fund is used to account for program revenues committed and/or assigned to the administration and use of the fiber optic network.

Payroll Benefits Clearing – This fund is used as a payment clearing account for payroll benefits incurred in the other funds.

.

FINANCIAL SECTION

SUPPLEMENTARY INFORMATION

City of Sandpoint

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ -	$ 3,534,136	$ 3,534,136
Receivables	5,810	20,962	26,772
Restricted assets:			
Cash and investments	243,536	-	243,536
Interest receivable	1,034	-	1,034
Total assets	$ 250,380	$ 3,555,098	$ 3,805,478
LIABILITIES			
Accounts payable and accrued expenses	$ -	$ 889,289	$ 889,289
Total liabilities	-	889,289	889,289
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	4,818	4,818
Unavailable revenue-special assessments	5,810	-	5,810
Total deferred inflows of resources	5,810	4,818	10,628
FUND BALANCES			
Restricted	244,570	-	244,570
Committed	-	934,984	934,984
Assigned	-	1,726,007	1,726,007
Total fund balance	244,570	2,660,991	2,905,561
Total liabilities, deferred inflows of resources, and fund balances	$ 250,380	$ 3,555,098	$ 3,805,478

City of Sandpoint

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

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES			
Special assessments and property taxes	$ 1,374	$ 216,917	$ 218,291
Impact fees	-	358,389	358,389
Interest	12,802	163,740	176,542
Charges for services	-	88,255	88,255
Miscellaneous revenues	-	19,375	19,375
Total revenues	14,176	846,676	860,852
EXPENDITURES			
General government	67	18,952	19,019
Highways and streets	-	342,516	342,516
Culture and recreation	-	213,644	213,644
Capital outlay	-	540,009	540,009
Debt service:			
Principal	5,190	-	5,190
Interest	1,666	-	1,666
Total expenditures	6,923	1,115,121	1,122,044
Excess (deficiency) of revenues over (under) expenditures	7,253	(268,445)	(261,192)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	17,917	17,917
Total other financing sources (uses)	-	17,917	17,917
Net change in fund balances	7,253	(250,528)	(243,275)
Fund balances - beginning	237,317	2,911,519	3,148,836
Fund balances - ending	$ 244,570	$ 2,660,991	$ 2,905,561

City of Sandpoint

COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
September 30, 2024

	LID #32	LID Guarantee	Total
ASSETS			
Receivables:			
Special assessments	$ 5,810	$ -	$ 5,810
Restricted assets:			
Cash and investments	205,617	37,919	243,536
Interest receivable	873	161	1,034
Total assets	$ 212,300	$ 38,080	$ 250,380
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-special assessments	$ 5,810	$ -	$ 5,810
Total deferred inflows of resources	5,810	-	5,810
FUND BALANCES			
Restricted for debt service	206,490	38,080	244,570
Total deferred inflows of resources and fund balances	$ 212,300	$ 38,080	$ 250,380

City of Sandpoint

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

	LID #32	LID Guarantee	Total
REVENUES			
Special assessments	$ 1,374	$ -	$ 1,374
Interest	10,845	1,957	12,802
Total revenues	12,219	1,957	14,176
EXPENDITURES			
General government	67	-	67
Debt service:			
Principal	5,190	-	5,190
Interest	1,666	-	1,666
Total expenditures	6,923	-	6,923
Net change in fund balances	5,296	1,957	7,253
Fund balances - beginning	201,194	36,123	237,317
Fund balances - ending	$ 206,490	$ 38,080	$ 244,570

City of Sandpoint

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
September 30, 2024

	Recreation	Impact Fees	Fiber Optic Network	Payroll Benefits Clearing Fund	Total
ASSETS					
Cash and investments	$ 500,928	$ 2,358,035	$ 114,438	$ 560,735	$ 3,534,136
Receivables:					
Taxes	5,303	-	-	-	5,303
Interest	2,125	10,001	485	-	12,611
Miscellaneous	-	-	3,048	-	3,048
Total assets	$ 508,356	$ 2,368,036	$ 117,971	$ 560,735	$ 3,555,098
LIABILITIES					
Accounts payable and accrued expenses	$ 65,938	$ 259,966	$ 2,650	$ 560,735	$ 889,289
Total liabilities	65,938	259,966	2,650	560,735	889,289
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	4,818	-	-	-	4,818
Total deferred inflows of resources	4,818	-	-	-	4,818
FUND BALANCES					
Committed	67,484	867,500	-	-	934,984
Assigned	370,116	1,240,570	115,321	-	1,726,007
Total fund balances	437,600	2,108,070	115,321	-	2,660,991
Total liabilities, deferred inflows of resources, and fund balances	$ 508,356	$ 2,368,036	$ 117,971	$ 560,735	$ 3,555,098

City of Sandpoint

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

	Recreation	Impact Fees	Fiber Optic Network	Payroll Benefits Clearing Fund	Total
REVENUES					
Property taxes	$ 216,917	$ -	$ -	$ -	$ 216,917
Impact fees	-	358,389	-	-	358,389
Interest	24,233	134,266	5,241	-	163,740
Charges for services	64,286	-	23,969	-	88,255
Miscellaneous revenues	5	-	19,370	-	19,375
Total revenues	305,441	492,655	48,580	-	846,676
EXPENDITURES					
General government	-	-	18,952	-	18,952
Highways and streets	-	342,516	-	-	342,516
Culture and recreation	213,644	-	-	-	213,644
Capital outlay	-	540,009	-	-	540,009
Total expenditures	213,644	882,525	18,952	-	1,115,121
Excess (deficiency) of revenues over (under) expenditures	91,797	(389,870)	29,628	-	(268,445)
OTHER FINANCING SOURCES (USES)					
Transfers in	17,917	-	-	-	17,917
Total other financing sources (uses)	17,917	-	-	-	17,917
Net change in fund balances	109,714	(389,870)	29,628	-	(250,528)
Fund balances - beginning	327,886	2,497,940	85,693	-	2,911,519
Fund balances - ending	$ 437,600	$ 2,108,070	$ 115,321	$ -	$ 2,660,991

REPORT REQUIRED BY GAO

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Sandpoint
Sandpoint, Idaho 83864

We have audited 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 (*Government Auditing Standards)*, 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 the City of Sandpoint as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Sandpoint's basic financial statements, and have issued our report thereon dated March 10, 2025. Our report includes a reference to other auditors who audited the financial statements of Sandpoint Urban Renewal Agency, as described in our report on the City of Sandpoint's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

2100 Northwest Blvd., Ste 400
Coeur d'Alene, ID 83814
www.MMD.cpa
Office: 208-765-9500 • Fax: 208-667-9174

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sandpoint'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 City of Sandpoint'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 City of Sandpoint's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

March 10, 2025

2100 Northwest Blvd., Ste 400
Coeur d'Alene, ID 83814

www.MMD.cpa
Office: 208-765-9500 • Fax: 208-667-9174