City of Shoshone, Idaho

Year Ended September 30, 2024

Audited Financial Statements



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Quest CPAs PLLC

CITY OF SHOSHONE, IDAHO
Table of Contents

Financial Section

Independent Auditor's Report 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 8

Statement of Net Position – Proprietary Funds 10

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 12

Statement of Cash Flows – Proprietary Funds 14

Notes to Financial Statements 16

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds 29

Schedule of Employer's Share of Net Pension Asset and Liability and Schedule of Employer Contributions 31

Supplementary Information

Schedule of Expenditures of Federal Awards 32

Other Reports and Schedules

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 33

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 35

Schedule of Findings and Questioned Costs 38

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Quality Expertise Service Timeliness

Independent Auditor's Report

Honorable Mayor and City Council
City of Shoshone, Idaho

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is 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 November 14, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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'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's internal control over financial reporting and compliance.

Quest CPAs PLLC

Meridian, Idaho
November 14, 2024

CITY OF SHOSHONE, IDAHO
Statement of Net Position
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash & Investments	$1,221,193	$1,911,037	$3,132,230
Receivables:			
Taxes	48,287		48,287
Intergovernmental	46,529		46,529
Accounts		127,422	127,422
Total Current Assets	1,316,009	2,038,459	3,354,468
Noncurrent Assets			
Restricted Cash & Investments		183,089	183,089
Nondepreciable Capital Assets	18,429	1,577,429	1,595,858
Depreciable Net Capital Assets	1,624,313	3,547,360	5,171,673
Total Noncurrent Assets	1,642,742	5,307,878	6,950,620
Total Assets	2,958,751	7,346,337	10,305,088
Deferred Outflows of Resources			
Pension Items	31,746	45,837	77,583
Total Deferred Outflows of Resources	31,746	45,837	77,583
Total Assets and Deferred Outflows of Resources	$2,990,497	$7,392,174	$10,382,671
Liabilities			
Current Liabilities			
Accounts Payable & Accrued Expenses		$328	$328
Deposits		8,299	8,299
Accrued Interest		25,033	25,033
Long-Term Liabilities, Current	$8,937	180,493	189,430
Total Current Liabilities	8,937	214,153	223,090
Noncurrent Liabilities			
Long-Term Liabilities, Noncurrent	133,558	2,030,326	2,163,884
Total Noncurrent Liabilities	133,558	2,030,326	2,163,884
Total Liabilities	142,495	2,244,479	2,386,974
Deferred Inflows of Resources			
Pension Items	2,424	3,501	5,925
Total Deferred Inflows of Resources	2,424	3,501	5,925
Total Liabilities and Deferred Inflows of Resources	144,919	2,247,980	2,392,899
Net Position			
Net Investment in Capital Assets	1,642,742	3,103,201	4,745,943
Restricted - Special Programs	548,856		548,856
Restricted - Debt Service		174,790	174,790
Restricted - Capital Projects		285,697	285,697
Unrestricted	653,980	1,580,506	2,234,486
Total Net Position	2,845,578	5,144,194	7,989,772
Total Liabilities and Deferred Inflows of Resources and Net Position	$2,990,497	$7,392,174	$10,382,671

See Accompanying Notes

CITY OF SHOSHONE, IDAHO

Statement of Activities

Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue
Governmental Activities					
Current Expenditures					
General Government	$281,229	$11,434			($269,795)
Public Safety	407,104	15,933			(391,171)
Streets	209,513	8,518			(200,995)
Culture & Recreation	77,698	3,159			(74,539)
Capital Assets	56,991				(56,991)
Total Governmental Activities	1,032,535	39,044	$0	$0	(993,491)
Business-Type Activities					
Sanitation Services	144,088	231,596			87,508
Water Services	320,484	542,503		1,346,524	1,568,543
Sewer Services	444,336	404,855			(39,481)
Irrigation Water Services	17,579	10,145			(7,434)
Total Business-Type Activities	926,487	1,189,099	0	1,346,524	1,609,136
Total	$1,959,022	$1,228,143	$0	$1,346,524	$615,645

Changes in Net Position	Governmental Activities	Business-Type Activities	Total
Net (Expense) Revenue	($993,491)	$1,609,136	$615,645
General Revenues			
Taxes, Penalties, & Interest	646,898		646,898
Intergovernmental Revenue	440,081		440,081
Investment Return	9,612	31,389	41,001
Miscellaneous	5,681	28,422	34,103
Pension Revenue (Expense)	(48,693)	(70,303)	(118,996)
Transfers			0
Total	1,053,579	(10,492)	1,043,087
Change in Net Position	60,088	1,598,644	1,658,732
Net Position - Beginning	2,785,490	3,545,550	6,331,040
Net Position - Ending	$2,845,578	$5,144,194	$7,989,772

CITY OF SHOSHONE, IDAHO

Balance Sheet - Governmental Funds
September 30, 2024

	General Fund	Street Fund	Nonmajor Fund Library Fund	Total Governmental Funds
Assets				
Cash & Investments	$686,330	$466,838	$68,025	$1,221,193
Receivables:				
Taxes	34,329	9,917	4,041	48,287
Intergovernmental	33,080	9,553	3,896	46,529
Due From Other Funds				0
Total Assets	$753,739	$486,308	$75,962	$1,316,009
Liabilities				
Accounts Payable & Accrued Expenses				$0
Due To Other Funds				0
Total Liabilities	$0	$0	$0	0
Deferred Inflows of Resources				
Unavailable Tax Revenues	32,993	9,531	3,883	46,407
Total Deferred Inflows of Resources	32,993	9,531	3,883	46,407
Fund Balances				
Restricted - Special Programs		476,777	72,079	548,856
Unassigned	720,746			720,746
Total Fund Balances	720,746	476,777	72,079	1,269,602
Total Liabilities and Deferred Inflows of Resources and Fund Balances	$753,739	$486,308	$75,962	$1,316,009

CITY OF SHOSHONE, IDAHO
Balance Sheet - Governmental Funds
September 30, 2024

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Total Governmental Fund Balances	$1,269,602
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,642,742
Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	46,407
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(142,495)
Deferred outflows/inflows related to pensions are not due and payable in the current period and therefore are not reported in the funds.	29,322
Net Position of Governmental Activities	$2,845,578

CITY OF SHOSHONE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended September 30, 2024

	General Fund	Street Fund	Nonmajor Fund Library Fund	Total Governmental Funds
Revenues				
Taxes, Penalties, & Interest	$455,146	$125,025	$50,061	$630,232
Charges for Services	38,146	11	887	39,044
Intergovernmental Revenue	168,664	246,366	25,051	440,081
Investment Return	4,475	4,359	778	9,612
Miscellaneous & Grants	3,790	203	1,688	5,681
Total Revenues	670,221	375,964	78,465	1,124,650
Expenditures				
Current Expenditures				
General Government	292,149			292,149
Public Safety	407,104			407,104
Streets		217,648		217,648
Culture & Recreation			80,716	80,716
Capital Outlay		4,834		4,834
Total Expenditures	699,253	222,482	80,716	1,002,451
Excess (Deficiency) of Revenues Over Expenditures	(29,032)	153,482	(2,251)	122,199
Other Financing Sources (Uses)				
Transfers In				0
Transfers Out				0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(29,032)	153,482	(2,251)	122,199
Fund Balances - Beginning	749,778	323,295	74,330	1,147,403
Fund Balances - Ending	$720,746	$476,777	$72,079	$1,269,602

CITY OF SHOSHONE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended September 30, 2024

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

Net Change in Fund Balances - Total Governmental Funds	$122,199
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense or allocated over the appropriate term as amortization expense. This is the excess of capital outlays over (under) depreciation/amortization expense in the current period.	(52,157)
Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.	16,666
In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds.	2,209
Changes in net pension asset/liability and related pension deferred outflows/inflows do not provide or require current financial resources and therefore are not reflected in the funds.	(28,829)
Change in Net Position of Governmental Activities	$60,088

CITY OF SHOSHONE, IDAHO

Statement of Net Position - Proprietary Funds

September 30, 2024

	Sanitation Fund	Water Fund	Sewer Fund	Irrigation Water Fund
Assets				
Current Assets				
Cash & Investments	$318,348	$1,195,733	$341,842	$55,114
Receivables:				
Accounts	24,635	56,595	46,192	
Due From Other Funds				
Total Current Assets	342,983	1,252,328	388,034	55,114
Noncurrent Assets				
Restricted Cash & Investments	1,175	2,273	179,641	
Nondepreciable Capital Assets		1,574,173		3,256
Depreciable Net Capital Assets	233,723	386,417	2,925,809	1,411
Total Noncurrent Assets	234,898	1,962,863	3,105,450	4,667
Total Assets	577,881	3,215,191	3,493,484	59,781
Deferred Outflows of Resources				
Pension Items	8,294	22,399	13,677	1,467
Total Deferred Outflows of Resources	8,294	22,399	13,677	1,467
Total Assets and Deferred Outflows of Resources	$586,175	$3,237,590	$3,507,161	$61,248
Liabilities				
Current Liabilities				
Accounts Payable & Accrued Expenses	$32	$42	$254	
Due To Other Funds				
Deposits	1,175	2,273	4,851	
Accrued Interest	2,012		23,021	
Long-Term Liabilities, Current	69,739	13,374	97,380	
Total Current Liabilities	72,958	15,689	125,506	$0
Noncurrent Liabilities				
Long-Term Liabilities, Noncurrent	34,890	94,228	1,895,038	6,170
Total Noncurrent Liabilities	34,890	94,228	1,895,038	6,170
Total Liabilities	107,848	109,917	2,020,544	6,170
Deferred Inflows of Resources				
Pension Items	633	1,711	1,045	112
Total Deferred Inflows of Resources	633	1,711	1,045	112
Total Liabilities and Deferred Inflows of Resources	108,481	111,628	2,021,589	6,282
Net Position				
Net Investment in Capital Assets	168,913	1,960,590	969,031	4,667
Restricted - Debt Service			174,790	
Restricted - Capital Projects		285,697		
Unrestricted	308,781	879,675	341,751	50,299
Total Net Position	477,694	3,125,962	1,485,572	54,966
Total Liabilities and Deferred Inflows of Resources and Net Position	$586,175	$3,237,590	$3,507,161	$61,248

CITY OF SHOSHONE, IDAHO

Statement of Net Position - Proprietary Funds

September 30, 2024

	Total Enterprise Funds
Assets	
Current Assets	
Cash & Investments	$1,911,037
Receivables:	
Accounts	127,422
Due From Other Funds	0
Total Current Assets	2,038,459
Noncurrent Assets	
Restricted Cash & Investments	183,089
Nondepreciable Capital Assets	1,577,429
Depreciable Net Capital Assets	3,547,360
Total Noncurrent Assets	5,307,878
Total Assets	7,346,337
Deferred Outflows of Resources	
Pension Items	45,837
Total Deferred Outflows of Resources	45,837
Total Assets and Deferred Outflows of Resources	$7,392,174
Liabilities	
Current Liabilities	
Accounts Payable & Accrued Expenses	$328
Due To Other Funds	0
Deposits	8,299
Accrued Interest	25,033
Long-Term Liabilities, Current	180,493
Total Current Liabilities	214,153
Noncurrent Liabilities	
Long-Term Liabilities, Noncurrent	2,030,326
Total Noncurrent Liabilities	2,030,326
Total Liabilities	2,244,479
Deferred Inflows of Resources	
Pension Items	3,501
Total Deferred Inflows of Resources	3,501
Total Liabilities and Deferred Inflows of Resources	2,247,980
Net Position	
Net Investment in Capital Assets	3,103,201
Restricted - Debt Service	174,790
Restricted - Capital Projects	285,697
Unrestricted	1,580,506
Total Net Position	5,144,194
Total Liabilities and Deferred Inflows of Resources and Net Position	$7,392,174

CITY OF SHOSHONE, IDAHO

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

Year Ended September 30, 2024

	Sanitation Fund	Water Fund	Sewer Fund	Irrigation Water Fund
Operating Revenues				
Charges for Services	$231,596	$542,503	$404,855	$10,145
Miscellaneous	25,215	3,003	204	
Total Operating Revenues	256,811	545,506	405,059	10,145
Operating Expenses				
Personnel	65,718	195,115	60,553	7,140
Goods & Services	40,451	97,926	133,333	9,963
Total Operating Expenses	106,169	293,041	193,886	17,103
Operating Income (Loss) Before Depreciation	150,642	252,465	211,173	(6,958)
Depreciation Expense	29,466	27,443	169,267	476
Operating Income (Loss)	121,176	225,022	41,906	(7,434)
Nonoperating Revenues (Expenses)				
Grant Revenue		1,346,524		
Investment Return	1,259	14,879	12,579	2,672
Interest Expense	(8,453)		(81,183)	
Pension Revenue (Expense)	(12,721)	(34,354)	(20,979)	(2,249)
Total Nonoperating Revenue (Expenses)	(19,915)	1,327,049	(89,583)	423
Income (Loss) Before Contributions & Transfers	101,261	1,552,071	(47,677)	(7,011)
Transfers In				8,777
Transfers Out		(8,777)		
Change in Net Position	101,261	1,543,294	(47,677)	1,766
Net Position - Beginning	376,433	1,582,668	1,533,249	53,200
Net Position - Ending	$477,694	$3,125,962	$1,485,572	$54,966

CITY OF SHOSHONE, IDAHO

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

Year Ended September 30, 2024

	Total Enterprise Funds
Operating Revenues	
Charges for Services	$1,189,099
Miscellaneous	28,422
Total Operating Revenues	1,217,521
Operating Expenses	
Personnel	328,526
Goods & Services	281,673
Total Operating Expenses	610,199
Operating Income (Loss) Before Depreciation	607,322
Depreciation Expense	226,652
Operating Income (Loss)	380,670
Nonoperating Revenues (Expenses)	
Grant Revenue	1,346,524
Investment Return	31,389
Interest Expense	(89,636)
Pension Revenue (Expense)	(70,303)
Total Nonoperating Revenue (Expenses)	1,217,974
Income (Loss) Before Contributions & Transfers	1,598,644
Transfers In	8,777
Transfers Out	(8,777)
Change in Net Position	1,598,644
Net Position - Beginning	3,545,550
Net Position - Ending	$5,144,194

CITY OF SHOSHONE, IDAHO

Statement of Cash Flows - Proprietary Funds

Year Ended September 30, 2024

	Sanitation Fund	Water Fund	Sewer Fund	Irrigation Water Fund
Cash Flows From Operations				
Receipts from Customers	$256,856	$543,805	$403,707	$10,145
Payments for Personnel	(72,211)	(211,307)	(70,159)	(8,473)
Payments for Goods & Services	(40,451)	(98,017)	(133,242)	(9,963)
Cash Provided (Used) By Operations	144,194	234,481	200,306	(8,291)
Cash Flows From Noncapital Financing				
Transfers (to) From Other Funds		(8,777)		8,777
Cash Provided (Used) By Noncapital Financing	0	(8,777)	0	8,777
Cash Flows From Capital & Related Financing				
Grant Revenue		1,346,524		
Acquisition of Capital Assets		(1,368,527)	(10,053)	
Interest Paid on Debt	(10,305)		(82,283)	
Principal Paid on Debt	(57,857)		(92,507)	
Cash Provided (Used) By Capital & Related Financing	(68,162)	(22,003)	(184,843)	0
Cash Flows From Investments				
Investment Return	1,259	14,879	12,579	2,672
Cash Provided (Used) By Investments	1,259	14,879	12,579	2,672
Change in Cash & Investments	77,291	218,580	28,042	3,158
Cash & Investments - Beginning	242,232	979,426	493,441	51,956
Cash & Investments - Ending	$319,523	$1,198,006	$521,483	$55,114
Cash & Investments Reconciliation				
Cash & Investments	$318,348	$1,195,733	$341,842	$55,114
Restricted Cash & Investments	1,175	2,273	179,641	
Total Cash & Investments	$319,523	$1,198,006	$521,483	$55,114
Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations				
Operating Income (Loss)	$121,176	$225,022	$41,906	($7,434)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:				
Depreciation	29,466	27,443	169,267	476
Pension Adjustment	(5,190)	(14,015)	(8,557)	(917)
Changes in Assets & Liabilities:				
Receivables	(510)	(2,785)	(3,726)	
Accounts Payable & Accrued Expenses		(91)	91	
Deposits	555	1,084	2,374	
Compensated Absences	(1,303)	(2,177)	(1,049)	(416)
Cash Provided (Used) By Operations	$144,194	$234,481	$200,306	($8,291)

CITY OF SHOSHONE, IDAHO

Statement of Cash Flows - Proprietary Funds

Year Ended September 30, 2024

	Total Enterprise Funds
Cash Flows From Operations	
Receipts from Customers	$1,214,513
Payments for Personnel	(362,150)
Payments for Goods & Services	(281,673)
Cash Provided (Used) By Operations	570,690
Cash Flows From Noncapital Financing	
Transfers (to) From Other Funds	0
Cash Provided (Used) By Noncapital Financing	0
Cash Flows From Capital & Related Financing	
Grant Revenue	1,346,524
Acquisition of Capital Assets	(1,378,580)
Interest Paid on Debt	(92,588)
Principal Paid on Debt	(150,364)
Cash Provided (Used) By Capital & Related Financing	(275,008)
Cash Flows From Investments	
Investment Return	31,389
Cash Provided (Used) By Investments	31,389
Change in Cash & Investments	327,071
Cash & Investments - Beginning	1,767,055
Cash & Investments - Ending	$2,094,126
Cash & Investments Reconciliation	
Cash & Investments	$1,911,037
Restricted Cash & Investments	183,089
Total Cash & Investments	$2,094,126
Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations	
Operating Income (Loss)	380,670
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:	
Depreciation	226,652
Pension Adjustment	(28,679)
Changes in Assets & Liabilities:	
Receivables	(7,021)
Accounts Payable & Accrued Expenses	0
Deposits	4,013
Compensated Absences	(4,945)
Cash Provided (Used) By Operations	$570,690

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Shoshone, Idaho (the City) provides basic municipal services and operates under a mayor-council form of government. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to cities. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Basic Financial Statements - Government-Wide Statements – The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenues.

The City's sole activity is providing basic municipal services, and substantially all expenses are directly related to this activity. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities. Fiduciary funds, when present, are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the City include:

General Fund – The general fund is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the street fund, which accounts for maintenance and betterments of the City's streets and related infrastructure.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in enterprise funds are reported as business-type activities in the government-wide financial statements. Major enterprise funds of the City include:

Sanitation, Water, Sewer, and Irrigation Water Funds – The sanitation, water, sewer, and irrigation water funds account for the revenues earned and expenses incurred in providing sanitation, water, sewer, and irrigation water services.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and proprietary and fiduciary fund financial statements are reported on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the City's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments are measured using the market approach and include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

For purposes of the statement of cash flows, the City considers all investments (including restricted investments) available for immediate withdrawal or with maturities of three months or less to be cash and cash equivalents (referred to as cash and investments).

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

Leases/SBITAs and Amortization – Material long-term leases and subscription-based information technology arrangements (SBITAs) are reported in accordance with the provisions of GASB 87 *Leases* and GASB 96 *SBITAs*. When incurred, amortization over the appropriate lease or SBITA term is recorded using the straight-line method.

Compensated Absences – The City provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is recorded as a liability in the accompanying financial statements. Compensated absences will be paid by the fund in which the employee works.

Pensions – For purposes of measuring the net pension asset/liability and pension revenue (expense), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the 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. Pension obligations will be paid by the fund in which the employee works.

Deferred Outflows/Inflows of Resources – The City's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the City first utilizes restricted resources. When

expenditures are incurred that qualify for either committed or assigned or unassigned resources, the City first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The City is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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

Custodial Credit Risk – The City maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The City does not have a formal policy concerning custodial credit risk.

Risk Management – The City is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

	Governmental Funds	Proprietary Funds	Total
Cash - Deposits	$1,054,129	$1,523,132	$2,577,261
Investments - Local Gov't Investment Pool	167,064	570,994	738,058
Total	$1,221,193	$2,094,126	$3,315,319

Deposits – At year end, the carrying amounts of the City's deposits were $2,577,261 and the bank balances

were $2,628,943. Of the bank balances, $499,148 was insured and the balance was uninsured and uncollateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

	Investment Maturity Schedule (In Years)	
Investment Type	Less Than 1	Total
Local Gov't Invest Pool	$738,058	$738,058
Total	$738,058	$738,058

Credit rate risk:

	Investment Rating Schedule	
Investment Type	Not Rated	Total
Local Gov't Invest Pool	$738,058	$738,058
Total	$738,058	$738,058

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The City's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to $10 million. Withdrawals of $10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

Restricted Cash & Investments – Restricted cash and investments at year end is cash and investments set aside because their use is limited by City ordinance and by the City council. In the sanitation, water, and sewer funds, customer deposit accounts are used to report resources received from users of the utility system, to be returned to the customer when leaving the system provided that all utility bills are paid current. Per sewer revenue bond covenants, the City is required to restrict cash and investments within its sewer fund at a rate of one-tenth of an annual payment per year until one annual bond payment has been accumulated. Management is not aware of any violations of these covenants.

C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	$18,429			$18,429
Total	18,429	$0	$0	18,429
Depreciable Capital Assets				
Buildings & Improvements	564,112			564,112
Equipment	527,808	4,834		532,642
Infrastructure	1,655,363			1,655,363
Subtotal	2,747,283	4,834	0	2,752,117
Accumulated Depreciation				
Buildings & Improvements	244,793	10,170		254,963
Equipment	471,914	13,713		485,627
Infrastructure	354,106	33,108		387,214
Subtotal	1,070,813	56,991	0	1,127,804
Total	1,676,470	(52,157)	0	1,624,313
Net Capital Assets	$1,694,899	($52,157)	$0	$1,642,742

Depreciation expense of $56,991 was charged to the capital assets program.

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	$3,256			$3,256
Construction in Progress	208,979	$1,365,194		1,574,173
Total	212,235	1,365,194	$0	1,577,429
Depreciable Capital Assets				
Buildings & Improvements	0			0
Equipment	692,655	13,386	79,350	626,691
Utility Systems	5,939,265			5,939,265
Subtotal	6,631,920	13,386	79,350	6,565,956
Accumulated Depreciation				
Buildings & Improvements	0			0
Equipment	399,361	34,856	79,350	354,867
Utility Systems	2,471,933	191,796		2,663,729
Subtotal	2,871,294	226,652	79,350	3,018,596
Total	3,760,626	(213,266)	0	3,547,360
Net Capital Assets	$3,972,861	$1,151,928	$0	$5,124,789

Depreciation expense of $29,466, $27,443, $169,267, and $476 was charged to the sanitation, water, sewer, and irrigation water services programs, respectively.

D. LONG-TERM LIABILITIES

Bonded Debt – At year end, the City's bonded debt was as follows:

	Outstanding
2009 - $2,479,000 - sewer revenue bonds #92-01 for capital improvements due in annual installments of $145,567 with interest at 4.125% through 2039, secured by future sewer revenue fees, paid through the sewer fund	$1,603,221
2009 - $521,000 - sewer revenue bonds #92-02 for capital improvements due in annual installments of $29,223 with interest at 3.75% through 2039, secured by future sewer revenue fees, paid through the sewer fund	330,536
Total	$1,933,757

Maturities on the bonds are estimated as follows:

Year Ended	Principal	Interest
9/30/25	$96,262	$78,528
9/30/26	100,170	74,620
9/30/27	104,237	70,553
9/30/28	108,468	66,322
9/30/29	112,872	61,918
9/30/30-34	636,944	237,006
9/30/35-39	774,804	96,728
Total	$1,933,757	$685,675

Note Payable – At year end, the City had a note payable as follows:

Note payable - IB, due in annual payments of $68,162 with interest at 8.54% through 2025, secured by equipment, paid through the sanitation fund	$62,798
Total	$62,798

Maturities on the note are estimated as follows:

Year Ended	Principal	Interest
9/30/25	$62,798	$5,364
Total	$62,798	$5,364

Changes in long-term liabilities are as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Act.					
Comp. Absences	$11,146		$2,209	$8,937	$8,937
Net Pension Liability	125,684	$7,874		133,558	-
Subtotal	136,830	7,874	2,209	142,495	8,937
Business-Type Act.					
2009 SR Bond #92-01	1,679,508		76,287	1,603,221	79,434
2009 SR Bond #92-02	346,756		16,220	330,536	16,828
Note Payable - IB	120,655		57,857	62,798	62,798
Comp. Absences	26,378		4,945	21,433	21,433
Net Pension Liability	181,462	11,369		192,831	-
Subtotal	2,354,759	11,369	155,309	2,210,819	180,493
Total	$2,491,589	$19,243	$157,518	$2,353,314	$189,430

Interest and related costs during the year of $8,453 and $81,183 were charged to the sanitation and sewer services programs, respectively.

E. PENSION PLAN

Plan description

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

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

Pension benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

Member and employer contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. The City's contributions were $50,757 for the year ended September 30, 2024.

Pension asset/liabilities, pension revenue (expense), and deferred outflows/inflows of resources related to pensions

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.00872547%.

For the year ended September 30, 2024, the City recognized pension revenue (expense) of ($118,996). At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$51,964	
Changes in assumptions or other inputs	12,930	
Net difference between projected and actual earnings on pension plan investments		$5,925
Employer contributions subsequent to the measurement date	12,689	
Total	$77,583	$5,925

$12,689 reported as deferred outflows of resources related to pensions resulting from City contributions made subsequent to the measurement date will be recognized as an adjustment to the pension revenue (expense) in the year ending September 30, 2025.

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

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

Year Ended	
9/30/25	($16,109)
9/30/26	(60,856)
9/30/27	10,495
9/30/28	7,501
Total	($58,969)

Actuarial assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the

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

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

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

Contributing members, service retirement members, and beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26% 5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

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

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

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

Discount rate

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability	$620,240	$326,389	$86,387

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.

Impact on the City's net position

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the City may periodically experience a deficit in its net position. This can occur as a result of recording the City's allocable portion of the net

pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan when deemed necessary), such deficits are not deemed to be of substantial concern.

F. TAX ABATEMENTS

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

G. INTERFUND TRANSFERS

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
Water		$8,777	Support
Irrigation Water	$8,777		Support
Total	$8,777	$8,777	

CITY OF SHOSHONE, IDAHO

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended September 30, 2024

General Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Taxes, Penalties, & Interest	$465,900	$465,900	$455,146	($10,754)	
Charges for Sales & Services	20,750	20,750	38,146	17,396	
Intergovernmental Revenue	174,000	174,000	168,664	(5,336)	
Investment Return	500	500	4,475	3,975	
Miscellaneous & Grants	27,400	27,400	3,790	(23,610)	
Total Revenues	688,550	688,550	670,221	(18,329)	
Expenditures					
Current Expenditures					
General Government	393,098	393,098	292,149	100,949	
Public Safety	406,061	406,061	407,104	(1,043)	
Streets	0	0	0	0	
Culture & Recreation	0	0	0	0	
Capital Outlay	0	0	0	0	
Total Expenditures	799,159	799,159	699,253	99,906	*
Excess (Deficiency) of Revenues Over Expenditures	(110,609)	(110,609)	(29,032)	81,577	
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	
Transfers Out	0	0	0	0	*
Total Other Financing Sources (Uses)	0	0	0	0	
Net Change in Fund Balances	(110,609)	(110,609)	(29,032)	81,577	
Fund Balances - Beginning	110,609	110,609	749,778	639,169	
Fund Balances - Ending	$0	$0	$720,746	720,746	
	**Total expenditures (over) under appropriations are:*			$99,906	

CITY OF SHOSHONE, IDAHO

Budgetary Comparison Schedule -
General and Major Special Revenue Funds
Year Ended September 30, 2024

Street Fund	Budgeted Amounts (GAAP Basis) Original	Budgeted Amounts (GAAP Basis) Final	Actual Amounts	Final Budget Variance Positive (Negative)	
Revenues					
Taxes, Penalties, & Interest	$125,956	$125,956	$125,025	($931)	
Charges for Sales & Services	100	100	11	(89)	
Intergovernmental Revenue	195,531	195,531	246,366	50,835	
Investment Return	300	300	4,359	4,059	
Miscellaneous & Grants	10,100	10,100	203	(9,897)	
Total Revenues	331,987	331,987	375,964	43,977	
Expenditures					
Current Expenditures					
General Government	0	0	0	0	
Public Safety	0	0	0	0	
Streets	387,556	387,556	217,648	169,908	
Culture & Recreation	0	0	0	0	
Capital Outlay	70,000	70,000	4,834	65,166	
Total Expenditures	457,556	457,556	222,482	235,074	*
Excess (Deficiency) of Revenues Over Expenditures	(125,569)	(125,569)	153,482	279,051	
Other Financing Sources (Uses)					
Transfers In	0	0	0	0	
Transfers Out	0	0	0	0	*
Total Other Financing Sources (Uses)	0	0	0	0	
Net Change in Fund Balances	(125,569)	(125,569)	153,482	279,051	
Fund Balances - Beginning	125,569	125,569	323,295	197,726	
Fund Balances - Ending	$0	$0	$476,777	476,777	
	**Total expenditures (over) under appropriations are:*			$235,074	

CITY OF SHOSHONE, IDAHO

Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan

Schedule of Employer's Share of Net Pension Asset and Liability*

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2015	0.01854710%	$136,536	$502,426	27.18%	91.38%
2016	0.01819700%	$239,625	$493,810	48.53%	87.26%
2017	0.01742110%	$353,152	$523,402	67.47%	90.68%
2018	0.01695580%	$266,516	$511,031	52.15%	91.69%
2019	0.01659558%	$138,519	$611,420	22.66%	93.79%
2020	0.01667222%	$387,151	$590,944	65.51%	88.22%
2021	0.01581560%	($12,491)	$499,487	-2.50%	100.36%
2022	0.01077550%	$424,420	$424,925	99.88%	83.09%
2023	0.00769660%	$307,146	$327,253	93.86%	83.83%
2024	0.00872547%	$326,389	$427,603	76.33%	85.54%

*As of the measurement date of the net pension (asset) liability.

Schedule of Employer Contributions

Fiscal Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$57,697	$57,697	$0	$509,691	11.32%
2016	$57,677	$57,677	$0	$509,514	11.32%
2017	$59,615	$59,615	$0	$526,634	11.32%
2018	$58,334	$58,334	$0	$515,318	11.32%
2019	$70,885	$70,885	$0	$618,003	11.47%
2020	$70,472	$70,472	$0	$590,218	11.94%
2021	$59,932	$59,932	$0	$501,943	11.94%
2022	$50,166	$50,166	$0	$420,151	11.94%
2023	$43,903	$43,903	$0	$373,643	11.75%
2024	$50,757	$50,757	$0	$446,215	11.38%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

CITY OF SHOSHONE, IDAHO

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures	
US Dept of Agriculture				
Direct Program:				
Water & Waste Disposal Systems for Rural Communities	10.760	None	$1,109,065	*
Total US Dept of Agriculture			1,109,065	
US Dept of Housing and Urban Development				
Passed Through Idaho Dept of Commerce:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	ICDBG-22-IV-08-PF	237,459	*
Total US Dept of Housing and Urban Development			237,459	
US Dept of Treasurer				
Passed Through Idaho State Controller's Office:				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	None	45,291	*
Total US Dept of Treasurer			45,291	
Total Expenditures of Federal Awards			$1,391,815	

NOTES:

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

B. Summary of Significant Accounting Policies - Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No awards were passed through to subrecipients. The City has no elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

***C. Expenditures of Certain Federal Awards -** AL 10.760, 14.228, and 21.027 includes federal grant expenditures for improvements to the City's water system. In the financial statements, these improvements to the waste system are capitalized as capital assets and depreciated over their useful life in accordance with generally accepted accounting principles.

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

Honorable Mayor and City Council
City of Shoshone, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Shoshone, Idaho (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

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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's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Meridian, Idaho
November 14, 2024

Quest CPAs PLLC
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Shoshone, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Shoshone, Idaho's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

Quest CPAs PLLC

Meridian, Idaho
November 14, 2024

CITY OF SHOSHONE, IDAHO
Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report being issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Major program identification:
a. Water and Waste Disposal Systems for Rural Communities – AL #10.760
b. COVID-19 - Coronavirus State and Local Fiscal Recovery Funds – AL #21.027

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