City of St. Maries, Idaho

Financial Report
September 30, 2024

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Independent Auditor's Report

Honorable Mayor and
Members of the City Council
City of St. Maries, Idaho

Report on the Audit of 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 St. Maries, 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Maries, Idaho, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 38 and the schedules of employer's share of the net pension liability (asset) and employer contributions on pages 40 and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

The combining and individual nonmajor fund financial statements and schedules listed in the table of contents as other supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 a separate report dated February 20, 2026, 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, 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 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.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

February 20, 2026

Basic Financial Statements

City of St. Maries, Idaho
Statement of Net Position - City-Wide
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 6)	$ 2,151,848	$ 5,937,716	$ 8,089,564
Restricted cash and investments (Note 6)	84,785	-	84,785
Receivables (Note 7)	859,385	245,504	1,104,889
Due from other governments	254,329	336,442	590,771
Prepaid expenses	19,339	19,339	38,678
Total current assets	3,369,686	6,539,001	9,908,687
Noncurrent assets:			
Capital assets, net (Note 8)	7,884,893	19,689,848	27,574,741
Total assets	11,254,579	26,228,849	37,483,428
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to the net pension asset (Note 12)	108,436	52,472	160,908
Total deferred outflows of resources	108,436	52,472	160,908
LIABILITIES			
Current liabilities:			
Accounts payable	105,200	146,835	252,035
Accrued liabilities	9,874	8,396	18,270
Unearned grant revenue	-	263,277	263,277
Unearned revenue (Note 9)	-	51,664	51,664
Unearned property taxes (Note 7)	824,827	-	824,827
Accrued interest, due within one year (Note 11)	-	38,832	38,832
Accrued compensated absences, due within one year (Note 11)	9,690	13,836	23,526
Financed purchase obligations, due within one year (Note 11)	32,887	9,833	42,720
Notes payable, due within one year (Note 11)	-	30,678	30,678
Total current liabilities	982,478	563,351	1,545,829
Noncurrent liabilities:			
Accrued interest, due after one year (Note 11)	-	121,988	121,988
Financed purchase obligations, due after one year (Note 11)	205,350	110,891	316,241
Notes payable, due after one year (Note 11)	-	2,924,322	2,924,322
Net pension liability (Note 12)	459,514	222,355	681,869
Total noncurrent liabilities	664,864	3,379,556	4,044,420
Total liabilities	1,647,342	3,942,907	5,590,249
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to the net pension asset (Note 12)	11,423	5,528	16,951
Total deferred inflows of resources	11,423	5,528	16,951
Commitments and contingencies (Note 14)			
NET POSITION			
Net investment in capital assets	7,884,893	16,614,124	24,499,017
Restricted for perpetual care	136,028	-	136,028
Restricted for debt service	-	955,418	955,418
Restricted for County sewer	-	354,749	354,749
Unrestricted	1,683,329	4,408,595	6,091,924
Total net position	$ 9,704,250	$ 22,332,886	$ 32,037,136

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

City of St. Maries, Idaho
Statement of Activities - City-Wide
Year Ended September 30, 2024

Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	$ 307,708	$ 117,266	$ -	$ (190,442)		$ (190,442)
Public safety	398,580	7,225	-	(391,355)		(391,355)
Streets	519,171	-	-	(519,171)		(519,171)
Parks and recreation	141,463	41,295	-	(100,168)		(100,168)
Library	150,139	4,224	3,150	(142,765)		(142,765)
Cemetery	86,699	3,525	-	(83,174)		(83,174)
Carpool	38,586	-	-	(38,586)		(38,586)
Capital outlay	4,401	-	709,287	704,886		704,886
Depreciation	408,125	-	-	(408,125)		(408,125)
Total governmental activities	2,054,873	173,535	712,437	(1,168,901)		(1,168,901)
Business-type activities:						
Utility services	2,422,315	2,263,618	1,176,165	-	$ 1,017,468	1,017,468
Total business-type activities	2,422,315	2,263,618	1,176,165	-	1,017,468	1,017,468
Total city-wide	$ 4,477,188	$ 2,437,153	$ 1,888,602	(1,168,901)	1,017,468	(151,433)
General revenues:						
Property taxes				880,209	-	880,209
Unrestricted intergovernmental revenue				664,734	-	664,734
Interest income				80,959	77,649	158,608
Other income				22,740	270,988	293,728
Total general revenues				1,648,642	348,637	1,997,279
Changes in net position				479,741	1,366,105	1,845,846
Total net position, beginning of year (Note 15)				9,224,509	20,966,781	30,191,290
Total net position, end of year				$ 9,704,250	$ 22,332,886	$ 32,037,136

City of St. Maries, Idaho
Balance Sheet - Governmental Funds
September 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	$ 1,858,891	$ 292,957	$ 2,151,848
Restricted cash and investments	84,785	-	84,785
Receivables	859,385	-	859,385
Due from other governments	254,329	-	254,329
Prepaid expenses	19,339	-	19,339
Total assets	$ 3,076,729	$ 292,957	$ 3,369,686
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 104,266	$ 934	$ 105,200
Accrued liabilities	9,874	-	9,874
Unearned property taxes	824,827	-	824,827
Total liabilities	938,967	934	939,901
Deferred inflows of resources:			
Delinquent property taxes	17,841	-	17,841
Total deferred inflows of resources	17,841	-	17,841
Fund balance:			
Nonspendable:			
Prepaid expenses	19,339	-	19,339
Endowment	-	50,000	50,000
Restricted for:			
Perpetual care	-	86,028	86,028
Unassigned	2,100,582	155,995	2,256,577
Total fund balance	2,119,921	292,023	2,411,944
Total liabilities, deferred inflows of resources and fund balance	$ 3,076,729	$ 292,957	$ 3,369,686

City of St. Maries, Idaho
Reconciliation of the Balance Sheet - Governmental Funds
with the Statement of Net Position - City-Wide
September 30, 2024

Amounts reported for governmental activities in the Statement of Net Position - City-Wide are different because:

Total fund balance - Governmental Funds		$ 2,411,944
Property taxes receivable will be collected, but are not available soon enough to pay for current-period expenditures, and are therefore reported as deferred inflows of resources in the governmental funds		17,841
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
The cost of capital assets is	$ 10,831,187	
Accumulated depreciation is	(2,946,294)	
		7,884,893
Noncurrent liabilities, including accrued compensated absences, financed purchase obligations, and the District's proportionate share of the net pension liability are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds:		
Accrued compensated absences, due within one year	(9,690)	
Financed purchase obligation, due within one year	(32,887)	
Financed purchase obligation, due after one year	(205,350)	
Net pension liability	(459,514)	
		(707,441)
Deferred outflows (inflows) of resources pertaining to the net pension liability are not financial resources and therefore are not reported in the governmental funds:		
Deferred outflows related to the net pension liability	108,436	
Deferred inflows related to the net pension liability	(11,423)	
		97,013
Total net position - City-Wide		$ 9,704,250

City of St. Maries, Idaho
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended September 30, 2024

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes, primarily property	$ 849,739	$ 29,750	$ 879,489
Grant revenue	709,287	3,150	712,437
Intergovernmental revenues	664,734	-	664,734
City fees and permits	117,266	-	117,266
Charges for services	41,295	7,749	49,044
Fines and forfeitures	7,225	-	7,225
Interest income	74,646	6,313	80,959
Other income	15,496	7,244	22,740
Total revenues	2,479,688	54,206	2,533,894
EXPENDITURES			
General government	296,753	-	296,753
Public safety	379,867	-	379,867
Streets	555,396	-	555,396
Parks and recreation	141,463	-	141,463
Library	109,939	33,491	143,430
Cemetery	83,397	-	83,397
Carpool	38,586	-	38,586
Capital outlays	1,791,705	-	1,791,705
Total expenditures	3,397,106	33,491	3,430,597
Excess of revenues over (under) expenditures before other financing sources (uses), net	(917,418)	20,715	(896,703)
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	50,000	(50,000)	-
Proceeds from capital lease	287,199	-	287,199
Total other financing sources (uses), net	337,199	(50,000)	287,199
Net changes in fund balance	(580,219)	(29,285)	(609,504)
Total fund balance, beginning of year	2,700,140	321,308	3,021,448
Total fund balance, end of year	$ 2,119,921	$ 292,023	$ 2,411,944

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

City of St. Maries, Idaho
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds with the Statement of Activities - City-Wide
Year Ended September 30, 2024

Amounts reported for governmental activities in the Statement of Activities - City-Wide are different because:		
Net change in fund balance - Governmental Funds		$ (609,504)
Some property taxes were not collected within 60 days after the end of the City's fiscal year-end, and therefore were not available to pay liabilities of the current period. Accordingly, they are recorded as a deferred inflow of resources in the governmental funds. However, in the Statement of Activities - City-Wide they are recorded as revenue. The change in deferred inflows of resources in the governmental funds during the current year is an adjustment.		720
Capital outlays to purchase capital assets are reported as expenditures in the governmental funds. However, in the Statement of Activities - City-Wide, the cost of these assets is is allocated over their estimated useful lives as depreciation. Amounts recognized for these items in the current year are as follows:		
Capital outlays	$ 1,787,304	
Depreciation	(408,125)	
		1,379,179
In the Statement of Activities - City-Wide, pension expense (expense offset) is actuarially determined and adjusted by amortization of deferred outflows (inflows) of resources. In the governmental funds, however, pension expenditures are measured by the amount of financial resources used (i.e., the amount of contributions actually paid). The difference between contributions paid and the changes in the City's proportionate share of the Base Plan's net pension asset (liability) and the related deferred outflows (inflows) of resources is an adjustment.		(55,695)
In the Statement of Activities - City-Wide, compensated absences (e.g., accrued vacation and compensated leave) are measured by the amount earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (i.e., the amount actually paid). In the current year, compensated absences paid exceeded compensated absences earned.		3,278
Borrowings under financed purchases are considered revenue in the governmental funds, but these borrowings increase liabilities in the Statement of Net Position – District-Wide.		(287,199)
Repayment of financed purchase principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position – District-Wide.		48,962
Change in net position - City-Wide		$ 479,741

City of St. Maries, Idaho
Statement of Net Position - Enterprise Fund
September 30, 2024

		Utility Fund
ASSETS		
Current assets:		
Cash and investments		$ 5,937,716
Receivables		245,504
Due from other governments		336,442
Prepaid expenses		19,339
	Total current assets	6,539,001
Noncurrent assets:		
Capital assets, net		19,689,848
	Total assets	26,228,849
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to the net pension asset (Note 12)		52,472
	Total deferred outflows of resources	52,472
LIABILITIES		
Current liabilities:		
Accounts payable		146,835
Accrued liabilities		8,396
Unearned grant revenue		263,277
Unearned revenue		51,664
Accrued interest, due within one year (Note 11)		38,832
Compensated absences (Note 11)		13,836
Financed purchase obligation, due within one year (Note 11)		9,833
Notes payable, due within one year (Note 11)		30,678
	Total current liabilities	563,351
Noncurrent liabilities:		
Accrued interest, due after one year (Note 11)		121,988
Financed purchase obligation, due after one year (Note 11)		110,891
Notes payable, due after one year (Note 11)		2,924,322
Net pension liability (Note 12)		222,355
	Total noncurrent liabilities	3,379,556
	Total liabilities	3,942,907
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to the net pension asset (Note 12)		5,528
	Total deferred inflows of resources	5,528
NET POSITION		
Net investment in capital assets		16,614,124
Restricted for debt service		955,418
Restricted for County sewer		354,749
Unrestricted		4,408,595
	Total net position	$ 22,332,886

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

City of St. Maries, Idaho
Statement of Revenues, Expenses and Change in Net Position - Enterprise Fund
Year Ended September 30, 2024

	Utility Fund
OPERATING REVENUES	
Charges for services	$ 2,125,353
Other operating revenue	138,265
Total operating revenues	2,263,618
OPERATING EXPENSES	
Payroll expenses	616,825
Pension expenses	14,086
Other operating expenses	1,094,125
Depreciation and amortization expense	643,922
Total operating expenses	2,368,958
Operating loss	(105,340)
NONOPERATING REVENUES (EXPENSES)	
Logging income	238,210
Miscellaneous income	32,778
Interest income	77,649
State grant revenue	823,159
Federal grant revenue	353,006
Interest expense	(53,357)
Total nonoperating revenues (expenses), net	1,471,445
Change in net position	1,366,105
Total net position, beginning of year (Note 15)	20,966,781
Total net position, end of year	$ 22,332,886

City of St. Maries, Idaho
Statement of Cash Flows - Enterprise Fund
Year Ended September 30, 2024

	Utility Fund
Cash flows from operating activities:	
Cash received from customers	$ 2,229,484
Cash payments to suppliers for goods and services	(1,168,244)
Cash payments to or on behalf of employees for services	(600,605)
Net cash provided by operating activities	460,635
Cash flows from noncapital financing activities:	
Receipts from logging	238,210
Receipts from miscellaneous income	32,778
Net cash provided by noncapital financing activities	270,988
Cash flows from capital financing activities:	
Receipts from capital grants	839,723
Borrowings from notes payable	1,910,000
Principal payments on notes payable	(1,805,074)
Principal payment on financed purchase obligations	(9,244)
Interest payments on long-term obligations	(16,598)
Net cash provided by capital financing activities	918,807
Cash flows from investing activities:	
Interest income	77,649
Acquisition of capital assets	(1,261,015)
Net cash used by investing activities	(1,183,366)
Net increase in cash and cash equivalents	467,064
Cash and cash equivalents, beginning of year	5,470,652
Cash and cash equivalents, end of year	$ 5,937,716
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (105,340)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	643,922
Changes in:	
Receivables	(26,697)
Prepaid expenses	(4,392)
Accounts payable	(69,727)
Accrued liabilities	2,680
Unearned revenue	(7,437)
Compensated absences	677
Net pension liability and related deferred outflows (inflows), net	26,949
Net cash provided by operating activities	$ 460,635
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	$ 16,598

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

1. Organization

The City of St. Maries, Idaho ("the City") is an Idaho municipality and operates under a Mayor-Council form of government. The City provides the following services authorized by its charter: general government, public safety, streets, parks and recreation, planning and zoning, animal control, cemetery, water, sewer and sanitation collection services to its citizens. The City is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since the mayor and council members are elected by the public; have decision-making authority; have the power to designate management; have the responsibility to significantly influence operations; and have primary accountability for fiscal matters.

The St. Maries Public Library ("the Library") is considered a component unit of the City because the Library is fiscally dependent on the City; the City Council appoints all five members of the Library's Board; the City has the ability to influence operations, among other factors. The Library is considered a blended component unit for financial statement purposes, and is presented as a non-major governmental fund.

2. City-Wide and Fund Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management's Discussion and Analysis

The management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities in a narrative format. An analysis of the City's overall financial position and results of operations is included to assist users in assessing whether the City's financial position has improved or deteriorated as a result of the year's activities.

City-Wide Financial Statements

The city-wide financial statements, including the Statement of Net Position – City-Wide and the Statement of Activities – City-Wide, report information on all of the activities of the City and its component unit. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental transactions are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

The Statement of Activities – City-Wide presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and the different business-type activities of the City. Direct expenses are those that are specifically associated with a program or function. The City does not charge indirect expenses to programs or functions. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. City-Wide and Fund Financial Statements, Continued

City-Wide Financial Statements, Continued

Depreciation is presented in its entirety in the Statement of Activities – City-Wide. No depreciation has been allocated to any of the City's specific functions.

In general, the effect of interfund transactions has been eliminated from the district-wide financial statements. Exceptions to this general rule are transactions between the City's governmental and business-type activities. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information on the City's funds. Separate statements for each fund category – *Governmental, Proprietary* and *Fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and business-type funds, each displayed separately.

Budgetary Comparison Schedules

The budgetary comparison schedules are presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the City's legally adopted budgets (see Note 4). The City may revise the original budgets over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information continues to be provided, and includes comparisons of the City's originally adopted budgets to the final budgets and actual results.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The city-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

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 measurable when the amount of the transaction can be determined, and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences and early retirement, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions through financed purchase agreements are reported as other financing sources.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

The City reports the following governmental funds:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. This is a budgeted fund, and any unassigned fund balance is considered as resources available for use.

Nonmajor Funds: The Library Fund provides services to the City and residents of Benewah County, with a collection containing approximately 17,500 volumes and circulates approximately 18,300 items per year. The Library serves a population of approximately 5,800 residents. The Perpetual Care Fund provides funding for the restoration of headstones and the future expansion of the cemetery.

The City reports the following proprietary fund:

Utility Fund: The Utility Fund of the City is used for operations that are financed and operated in a manner similar to private enterprises where the intent of providing goods and services is financed primarily through user charges. The Utility Fund is used to account for water, sewer and the City's contract for garbage collection. Operating revenues are comprised of user charges. Non-operating revenues are comprised of miscellaneous and interest income.

4. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America with the exception that in the Utility Fund capitalization fees are budgeted as revenue, bond principal payments and capital disbursements are budgeted as expenses and depreciation is not budgeted for. Annual appropriated budgets are adopted for the General Fund and the Utility Fund. All annual appropriations lapse at year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The City publishes a proposed budget for public review.
b) Public hearings are set to obtain taxpayer comments.
c) Prior to October 1, the budget is adopted by resolution of the City Council and published.
d) The final budget is then filed with the State of Idaho. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Council must approve any over-expenditures of appropriations or transfers of appropriated amounts.

During the fiscal year ended September 30, 2024, the budget was amended to reflect revised revenue and expense estimates in the General Fund. The amendment was properly approved by the City Council.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The City has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Recent Accounting Pronouncements

During June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB No. 101). The statement establishes a unified model for the recognition and measurement of all types of compensated absences. Under GASB No. 101, governments are required to recognize a liability for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. Certain types of leave (e.g., parental, military, and jury duty leave) are excluded from recognition until the leave commences. The statement also revises disclosure requirements, including allowing the presentation of only net changes in the liability for compensated absences and eliminating certain fund-level disclosure requirements. This statement is effective for fiscal years beginning after December 15, 2023. The City will adopt this guidance for the 2025 fiscal year.

Cash and Cash Equivalents

Cash received by the City may be pooled for investment purposes. Interest earned on the balances in the pooled accounts is allocated to the participating funds in proportion to the average daily balances in each fund. The City considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. When considered necessary, management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables from grants, contracts and others. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Other than those special accounts receivable that were written off in the current year, management expects all September 30, 2024 receivables related to governmental and business-type activities to be collectible, no allowance for doubtful accounts has been provided as of that date.

5. Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets are reported in the city-wide and proprietary fund financial statements, and as expenditures in the governmental fund financial statements. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. Major improvements and betterments are capitalized. The City uses a capitalization threshold of $2,500. Expenditures for repairs and maintenance are charged to expense in the period incurred. When capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts, and the resulting gain or loss, if any, is included in the Statement of Activities – City-Wide or the Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.

In the Statement of Activities – City-Wide and the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund, depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

Category	Years
Water and sewer system	50
Buildings	40
Improvements	10 – 20
Equipment	5 – 10
Vehicles	5 – 10
Library collection	7

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the City's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the City.

At September 30, 2024, the assets or liabilities of the City that were measured at fair value on a recurring basis are summarized as follows:

	Level 1	Level 2	Level 3	Total
Investments in the LGIP	$ --	$ 2,004,518	$ --	$ 2,004,518

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The City had no assets or liabilities measured at fair value on a nonrecurring basis during 2024.

5. Summary of Significant Accounting Policies, Continued

Accrued Liabilities

Liabilities shown on the governmental fund financial statements are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year, and are reported as an expenditure and fund liability of the governmental fund that will pay it. On the city-wide and proprietary fund financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* (GASB No. 16). Compensated absences consist of accumulated vacation and compensated leave balances that are unpaid by the financial statement date.

All eligible employees of the City earn vacation and compensated leave in amounts that vary based on tenure and classification. The City records a liability for accumulated unused vacation and compensated leave for all eligible employees.

Accumulated vacation and compensated leave that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the fund which will pay it. Accumulated vacation and compensated leave that is expected to be utilized by employees during the upcoming fiscal year is reported as a current obligation in the city-wide and proprietary fund financial statements. Accumulated vacation and compensated leave that is not expected to be utilized by employees during the upcoming fiscal year is reported as a noncurrent obligation in city-wide and proprietary fund financial statements. When an employee terminates employment with the City, unused accumulated vacation and compensated leave is paid at the employee's hourly rate then in effect.

Unearned Revenue

Certain of the City's water, sewer, and garbage customers choose to pay their bills in advance. Because these pre-payments are a liability to the City until the requisite services have been provided, these amounts are recorded as unearned revenue in the City's financial statements.

Pensions

For purposes of measuring the net pension liability (asset) and pension expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan ("the Base Plan"), and additions to, or 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.

5. Summary of Significant Accounting Policies, Continued

Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is comprised of net earnings from operations, nonoperating revenues and expenses, and capital contributions. Net position is required to be classified within one or more of the following three components:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets;

Restricted net position: This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation; and

Unrestricted net position: This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted."

Use of Restricted Resources

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the City to use restricted resources first.

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB No. 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be properly reported within one or more of the following fund balance classifications:

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses;

Restricted: The portion of fund balance that can be used only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation;

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the City's Council (the City's highest level of decision-making authority);

Assigned: The portion of fund balance that is intended to be used by the City for specific purposes, but does not meet the criteria to be classified as restricted or committed; and

Unassigned: The residual portion of fund balance for the City's General Fund and includes all spendable amounts not included in the other classifications.

5. Summary of Significant Accounting Policies, Continued

Fund Balance Spending Policy

When expenditures qualify to be paid out of more than one fund balance category, it is the policy of the City to apply expenditures from the most restrictive fund balance category, excluding nonspendable, to the least restrictive, as follows: restricted, committed, assigned, and unassigned. Nonspendable fund balance is adjusted at year-end based on inventory and prepaid expense balances.

It is possible for governmental funds other than the General Fund to have negative unassigned fund balances when nonspendable amounts plus restricted amounts exceed the positive fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund for expenditures or liabilities. An appropriation equal to the outstanding year-end encumbrance is made in the succeeding year. Unspent appropriations lapse at year-end.

The City's encumbrance policy is for fiscal year-end individual encumbrances exceeding $50,000 to be considered significant encumbrances. All encumbrances outstanding at year-end are reported either as committed fund balance or assigned fund balance in the General Fund, or as restricted fund balance in other funds, if any (see Note 13). At September 30, 2024, there were no significant encumbrances.

Grants Revenue

The City receives financial assistance from governmental agencies in the form of grants. Revenue is deemed earned and thus recognized when applicable grant expenditures are recorded. Funds received but not earned, if any, at September 30, 2024, are recorded as unearned grant revenue.

Use of Estimates

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

Subsequent Events

The City has evaluated subsequent events through February 20, 2026, the date these financial statements were available to be issued. No material subsequent events have occurred since September 30, 2024 that required recognition or disclosure in these financial statements.

6. Cash and Investments

The carrying amount of cash and investments at September 30, 2024 consists of and appears in the financial statements as summarized below:

Cash in bank and credit union accounts	$ 6,169,731
Idaho State Local Government Investment Pool	2,004,518
Cash on hand	100
	$ 8,174,349
Cash and investments, Statement of Net Position – Governmental Activities	$ 2,151,848
Restricted cash and investments - Governmental Activities	84,785
Cash and investments, Statement of Net Position – Business-Type Activities	5,937,716
Cash and investments, Statement of Net Position – City-Wide	$ 8,174,349

Cash and investments consist of deposits held in checking and money market accounts, and a certificate of deposit with local banks and a local credit union, 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 or credit union failure, the City's deposits may not be returned to it. At September 30, 2024, the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each bank, and by the National Credit Union Administration (NCUA) up to $250,000 at each credit union. The combined bank and credit union balances at September 30, 2024 totaled $6,106,666. The differences between the carrying amount of cash on the City's books and the bank's and credit union's balances consisted of outstanding checks and deposits not processed by the banks as of September 30, 2024.

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

Total bank and credit union balances	$ 6,106,666
Portion insured by FDIC and NCUA	(749,751)
Uninsured bank and credit union balances	$ 5,356,915

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

Investments	Maturities	Fair Value
LGIP	84 days (weighted average)	$ 2,004,518

Interest Rate Risk: The City 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 City has no investment policy that would further limit its investment choices. At September 30, 2024, the City's investment in the Idaho State Local Government Investment Pool is not rated;

6. Cash and Investments, Continued

Concentration of Credit Risk: The City places no limit on the amount the City may invest in any one issuer. All of the City'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.

7. Receivables

Receivables at September 30, 2024 are summarized as follows:

Governmental activities:

Unearned property taxes receivable	$ 824,827
Property taxes receivable	1,698
Delinquent property taxes receivable	17,841
Franchise fees receivables	13,357
Other receivables	1,662
	$ 859,385

Business-type activities:

Accounts receivable	$ 245,504

Property Taxes Receivable

Unearned property taxes receivable consist of property taxes levied for the next fiscal year. These amounts have been offset by unearned property taxes in the city-wide and governmental funds financial statements.

Property taxes receivable consist of property taxes received within the first 60 days after the end of the City's fiscal year that relate to taxes levied for the current and prior fiscal years.

Delinquent property taxes receivable consist of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within the first 60 days after the end of the City's fiscal year. These amounts have been included as deferred inflows of resources in the governmental funds financial statements.

Franchise fees Receivables

During October 2024, the City received payments for franchise fees from Avista Corporation, SuddenLink and Chickadee, which were owed for the quarter ended September 30, 2024.

7. Receivables, Continued

Accounts Receivable

The Utility Fund had $245,504 of accounts receivable due from citizens and businesses in the community for garbage, water and sewer services provided through September 30, 2024. Except for those unusual balances discussed in Note 16, the City has been very successful in collecting amounts owed for normal Utility Fund services, and management does not expect any accounts on the City's records at September 30, 2024 to be uncollectible. Therefore, no allowance for doubtful accounts has been recorded.

8. Capital Assets

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

Governmental activities:

	Balance September 30, 2023	Additions	Transfers	Disposals	Balance September 30, 2024
Buildings	$ 991,037	$ 10,000	$ --	$ --	$ 1,001,037
Improvements	4,456,781	14,000	3,085,892	--	7,556,673
Equipment	1,231,117	124,960	--	--	1,356,077
Library collection	105,936	9,841	--	(14,342)	101,435
	6,784,871	158,801	3,085,892	(14,342)	10,015,222
Accumulated depreciation	(2,552,511)	(408,125)	--	14,342	(2,946,294)
	4,232,360	(249,324)	3,085,892	--	7,068,928
Land	285,575	--	--	--	285,575
Construction in progress	1,987,779	1,628,503	(3,085,892)	--	530,390
Net capital assets	$ 6,505,714	$ 1,379,179	$ --	$ --	$ 7,884,893

Depreciation expense for governmental activities has not been allocated to any of the City's individual functions. Rather, the City has included all depreciation related to governmental activities as a single line item on the Statement of Activities – City-Wide.

8. Capital Assets, Continued

Business-type activities:

	Balance September 30, 2023	Additions	Transfers	Disposals	Balance September 30, 2024
Water and sewer system	$ 22,699,032	$ 68,258	$ 1,615,747	$ --	$ 24,383,037
Buildings	110,552	--	--	--	110,552
Improvements	4,331,643	--	--	--	4,331,643
Equipment	1,407,888	71,899	--	--	1,479,787
	28,549,115	140,157	1,615,747	--	30,305,019
Accumulated depreciation	(13,802,347)	(643,922)	--	--	(14,446,269)
	14,746,768	(503,765)	1,615,747	--	15,858,750
Land	852,615	--	--	--	852,615
Construction in progress	3,473,372	1,120,858	(1,615,747)	--	2,978,483
Net capital assets	$ 19,072,755	$ 617,093	$ --	$ --	$ 19,689,848

9. Unearned Revenue

In previous years, residents of the City and Benewah County prepaid $16,000 for future water hookup rights, which were to be recognized as revenue at the time a hookup was placed on their properties. During 2024, one of the residents voluntarily relinquished the rights to $10,000 of future water hookups. Because these relinquished rights were attached to an outstanding accounts receivable balance for unpaid water fees on this resident's properties (see Note 16), the City offset a portion of the unpaid accounts receivable balance with these relinquished hookup fees. As a result of this transaction, the balance in unearned revenue related to prepaid hookup fees is $6,000 at September 30, 2024. The remaining $45,664 of unearned revenue represents customer prepayments for water, sewer and garbage services not provided as of September 30, 2024

10. Short-Term Borrowings

The City had no short-term borrowings at June 30, 2024, nor were there any short-term borrowings or repayments for the year then ended.

11. Long-Term Obligations

As of June 30, 2025, the City's long-term obligations, other than the net pension liability discussed in Note 12, consisted of accrued compensated absences, financed purchase obligations and notes payable. The City believes that all compensated absences will be used during the 2025 fiscal year, therefore, all compensated absences will be included in the current liabilities section of the financial statements.

11. Long-Term Obligations, Continued

Governmental Activities:

Accrued Compensated Absences

A summary of changes in accrued compensated absences for the year ended September 30, 2024 is as follows:

Beginning accrued compensated absences	$ 12,968
Net change	(3,278)
Ending accrued compensated absences	$ 9,690

No portion of accrued compensated absences was considered to be due and payable as of September 30, 2024. Accordingly, the City has not recorded any amount of accrued compensated absences in the governmental fund financial statements.

Financed Purchase Agreement

During 2024, the City purchased a street sweeper under a long-term agreement that established a financed purchase obligation. A summary of changes in the financed purchase obligation for the year ended September 30, 2024 is as follows:

Beginning financed purchase obligation	$ --
Obligations incurred	287,199
Obligations paid	(48,962)
Ending financed purchase obligation	238,237
Less amount due within one year	(32,887)
Due after one year	$ 205,350

Future minimum payments under the financed purchase obligation are as follows:

Year Ending September 30,	
2025	$ 50,757
2026	50,757
2027	50,757
2028	50,757
2029	50,757
2030	50,757
Total future minimum payments	304,542
Less amount representing interest	(66,305)
Total financed purchase obligation	$ 238,237

Interest expense associated with the financed purchase obligation totaled $17,413 for the year ended September 30, 2024.

11. Long-Term Obligations, Continued

Business-type Activities:

Accrued Compensated Absences

A summary of changes in accrued compensated absences for the year ended September 30, 2024:

Beginning accrued compensated absences	$ 13,159
Net change	677
Ending accrued compensated absences	$ 13,836

Financed Purchase Agreement

During 2023, the City purchased a backhoe under a long-term agreement that included a financed purchase obligation. A summary of changes in the financed purchase obligation for the year ended June 30, 2024 is as follows:

Beginning financed purchase obligations	$ 129,968
Obligations incurred	--
Obligations paid	(9,244)
Ending financed purchase obligations	120,724
Less amount due within one year	(9,833)
Due after one year	$ 110,891

Notes Payable

In order to ensure the health, safety, comfort and welfare of the residents of the City, the City's Council and management, assisted by HMH Engineering, the City's engineering firm, developed a project plan to acquire, install and construct certain improvements to the City's water and sewer treatment facilities ("the Project"), in order to meet current Environmental Protection Agency National Permit Discharge Elimination System permit limits and to replace aging equipment.

At an election held in May 2017, the City's voters approved the Project, including the issuance of wastewater revenue bonds in a principal amount not to exceed $1,910,000, to finance the wastewater portion of the Project, along with the issuance of water revenue bonds in a principal amount not to exceed $1,335,000, to finance the drinking water portion of the Project. The United States Department of Agriculture, Rural Utilities Service (USDA) committed to a loan, to be secured by the Sewer Revenue Bonds, in a principal amount not to exceed $1,900,000, under the terms and conditions of a Letter of Conditions, and the Idaho Department of Environmental Quality (IDEQ) committed to a loan, to be secured by the Water Revenue Bonds in a principal amount not to exceed $1,100,000.

11. Long-Term Obligations, Continued

Business-type Activities, Continued:

During 2019, the City began receiving funding from the IDEQ, and started accruing interest on the outstanding balance at a rate of 2.75%. As of September 30, 2024, the City had received funding of $1,045,000, and had an accrued interest payable balance of $121,988. The City will not begin paying principal or interest on the IDEQ note until the water portion of the Project is completed.

During 2020, the City obtained interim financing for the wastewater portion of the Project by obtaining a secured construction loan, totaling $1,910,000, through Washington Trust Bank (WTB) in the form of a bond anticipation note, as authorized by Idaho Code Sections §42-3212 and §42-3221. Advances under this note bore interest at a variable per annum rate equal to the LIBOR index rate plus 2.125%, multiplied by 63%, which was adjusted monthly. The balance of this note was paid to $0 during the current fiscal year, with funding received from the United States Department of Agriculture (USDA), as discussed in the following paragraph.

During the current fiscal year, the City obtained a loan from the USDA in the amount of $1,910,000, which was used to pay the outstanding balance of the WTB bond anticipation note, with the remainder used to pay for continued construction of the sewer system. This note carries interest at 2.125%, and requires annual payments of $71,377 beginning in 2025, and maturing in 2065.

A summary of changes in the notes payable for the year ended September 30, 2024, is as follows:

Beginning notes payable	$ 2,850,074
Principal receipts	1,910,000
Principal payments	(1,805,074)
Ending notes payable	2,955,000
Less amount due within one year	(30,678)
Due after one year	$ 2,924,322

Interest expense associated with these notes payable totaled $45,051 for the year ended September 30, 2024.

As discussed above, the timing and amount of principal and interest payments related to the IDEQ note will not be established until the conclusion of the project. Therefore, the City has included all of the future principal and estimated interest payments related to this note, in the 2060-2064 line of the following amortization table.

11. Long-Term Obligations, Continued

Business-type Activities, Continued:

The annual payment requirements for the notes payable that are currently being paid are as follows:

Year ending September 30,	Principal	Interest	Total
2025	$ 30,678	$ 40,699	$ 71,377
2026	31,441	39,936	71,377
2027	32,110	39,267	71,377
2028	32,792	38,585	71,377
2029	33,489	37,888	71,377
2030-2034	178,425	178,460	356,885
2035-2039	198,206	158,679	356,885
2040-2044	220,180	136,705	356,885
2045-2049	244,589	112,296	356,885
2050-2054	271,706	85,179	356,885
2055-2059	301,828	55,057	356,885
2060-2064	1,379,556	712,613	2,092,169
	$ 2,955,000	$ 1,635,364	$ 4,590,364

12. Public Employee Retirement System of Idaho Base Plan

Plan Description

The City contributes to the Public Employee Retirement System of Idaho (PERSI or "the System") Base Plan, which is a cost-sharing, multiple-employer defined benefit pension plan 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 PERSI Board, which is 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 be Idaho citizens who are 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 (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months. Amounts in parenthesis represent police/firefighters.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Pension Benefits, Continued

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, up to a maximum of the Consumer Price Index increase 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 percentage of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates, which are expressed as percentages of annual covered payroll, if current rates are actuarially determined to be inadequate or in excess of the rates needed to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2024, the required contribution rate as a percentage of covered payroll for members was 6.71% (9.83%). The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18% (13.26%) during 2024. The City's employer contributions required and paid were $101,452, 96,369 and 83,149 for the years ended September 30, 2024, 2023 and 2022, respectively.

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

At September 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability as follows:

Governmental activities	$	459,514
Business-type activities		222,355
Total	$	681,869

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 to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The City's allocation of the proportionate shares of the collective net pension liability for the measurement dates of June 30, 2024 and 2023, and the respective changes, were as follows:

	Proportionate Share September 30, 2024
Governmental activities	0.000122844
Business-type activities	0.000059443
Total	0.000182287

For the year ended September 30, 2024, the City recognized net pension expense (expense/offset) of $55,695 and $14,086 for governmental and business-type activities, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental activities:		
Contributions made subsequent to the measurement date	$ 17,074	$ --
Change in proportionate share	--	3,082
Changes in assumptions or other inputs	18,203	--
Differences between expected and actual experience	--	--
Net difference between projected and actual earnings on investments	73,159	8,341
	$ 108,436	$ 11,423

12. Public Employee Retirement System of Idaho Base Plan, Continued

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Business-type activities:		
Contributions made subsequent to the measurement date	$ 8,262	$ --
Change in proportionate share	--	1,492
Changes in assumptions or other inputs	8,809	--
Differences between expected and actual experience	--	--
Net difference between projected and actual earnings on investments	35,401	4,036
	52,472	5,528
Total	$ 160,908	$ 16,951

The amount reported as deferred outflows of resources related to pensions resulting from the City's contributions made subsequent to the measurement date, totaling $25,336, will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (expense offset) as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities	Total
2025	$ 25,560	$ 12,369	$ 37,929
2026	84,130	40,710	124,840
2027	(18,630)	(9,017)	(27,647)
2028	(11,121)	(5,380)	(16,501)
	$ 79,939	$ 38,682	$ 118,621

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees). The amortization period, which was determined at July 1, 2023, the beginning of the measurement period ended June 30, 2024, is 4.4 years.

12. Public Employee Retirement System of Idaho Base Plan, Continued

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 July 1, 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 fees	6.35%
Cost-of-living adjustments	1.00%

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
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 of 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

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 the 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 following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted November 2019) and for the Sick Leave Insurance Reserve Funds (Sick Leave, adopted March 2021), as of June 30, 2024:

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	39.30%
US/Global Equity	55.00%	10.70%
Developed Foreign Equities	15.00%	50.00%
Total	100.00%	100.00%

The following 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)%
Treasury Inflation-Protected Securities (TIPS)	10.00%	(0.30)%
Real Estate	8.00%	3.75%
Private Equity	8.00%	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 Base Plan's 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.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability

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

Employer's proportionate share of net pension liability	1% Decrease (5.35%)	Current Rate (6.35%)	1% Increase (7.35%)
Governmental activities	$ 873,220	$ 459,514	$ 121,622
Business-type activities	422,544	222,355	58,852

Payables to the Pension Plan

At September 30, 2024, the City reported no amounts owing to the Plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

13. Fund Equity

GASB No. 54 requires the fund balance amounts to be properly reported within one of five categories (see Note 5). Specific amounts reported as committed and assigned are summarized below:

Committed: The City's Committed Fund Balance is fund balance reporting required by the City Council, either because of a Council policy or because of motions that passed at Council meetings. At September 30, 2024, there were no portions of fund balance reported as committed; and

Assigned: The City's Assigned Fund Balance is fund balance reporting resulting from the Council's administration authority. At September 30, 2024, there were no portions of fund balance reported as assigned.

Restrictions of net position reported in the city-wide financial statements are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

Specific restrictions on net position are summarized as follows:

Perpetual Care: The amount is restricted for cemetery improvement expenditures, in accordance with the terms and conditions of the restricted funds. In addition, during 2015, the City Council voted to maintain a permanently restricted reserve for the perpetual care of the Woodlawn Cemetery. The $50,000 reserve constitutes the corpus of the endowment fund, and any earnings from the endowment fund are restricted for cemetery improvement expenditures.

13. Fund Equity, Continued

Specific restrictions on net position are summarized as follows, continued:

Debt Service: The amount is restricted for debt service, in accordance with the terms and conditions of the loan agreements with USDA and IDEQ, in anticipation of the corresponding bond issuances.

County Sewer: The City entered into interagency agreements with Benewah County ("the County") to provide sewer treatment services for certain County residents who have benefited from various improvements to the City's treatment facilities. Certain amounts included in user fees for these County residents are restricted for specific purposes, which requires County Commissioner approval for expenditure. The amounts recorded as restricted for County sewer represent the portions of user charges collected in excess of approved expenditures, in accordance with the terms and conditions of the interagency agreements. In addition, the City has incurred approximately $360,000 of general operations and maintenance expenditures in excess of user charges collected for providing services to these County residents. No receivable or offset to restricted equity has been recognized by the City as rates for these County user fees can only be established by the County Commissioners.

14. Commitments and Contingencies

Creosote Site

The City, along with other parties, was named as a Potential Responsible Party (PRP) for the environmental cleanup of the St. Maries Creosote Site ("the Site"). A negotiated Consent Decree and scope of work exists between the U.S. Department of Justice and the PRPs, including the City, which has been approved by the United States District Court for the District of Idaho. As set forth in the Decree, the PRPs have entered into a confidential Guaranteed Remediation Program Agreement (GRPA) with ARCADIS U.S., Inc. (ARCADIS). Pursuant to the GRPA, ARCADIS has assumed specific obligations and liabilities associated with the remediation of both uplands and sediment contamination at the Site and was made a party to the Consent Decree to perform specific remedial work at the Site. Initial cleanup work at the Site began during 2014.

As part of the GRPA, the PRPs funded a scope of work for the cleanup by placing funds into an interest-bearing escrow account dedicated to the cleanup work and paying for a Contractor Remediation Stop Loss Insurance policy. Contaminated soils and sediment at the site have been treated and much of the active remediation necessary at the site has been completed. Following completion of active remediation, periodic reviews will be required by the Environmental Protection Agency (EPA) to confirm that the cleanup was successful before the file is closed. While much of the remediation work has been funded and completed, any additional costs associated with meeting the sediment cleanup standards won't be known exactly until a final resolution of the cleanup standards is made by the EPA and the file has been closed.

14. Commitments and Contingencies, Continued

Wastewater Treatment Plant

A Notice of Intent to File Administrative Complaint for Violation of the Clean Water Act was issued by the EPA on August 17, 2017 with allegations of violations of the Clean Water Act (CWA) arising from the operation of the City's wastewater treatment plant. While no litigation was pending as of February 20, 2026, the date these financial statements were available to be issued, the potential still remains for a claim to be filed in the future. The potential outcome, or cost that could be imposed on the City, if a claim is filed, cannot be determined at this time.

A ninety (90) day notice of intent to sue the City was issued by the Kootenai Environmental Alliance (KEA) in June 2014 based on allegations that the City was in violation of the CWA under Federal law arising from the operation of the City's wastewater treatment plant. During 2014, the KEA and the City entered into an agreement that stayed the filing of any complaint in Federal court until December 31, 2015 as long as the City was taking corrective measures with the wastewater treatment system, which the City completed. While no litigation was pending as of February 20, 2026, the date as of which these financial statements were available to be issued, the potential still remains for a claim to be filed in the future, with the potential outcome or cost that could be imposed on the City unable to be determined at this time.

Risk Pool

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 participates in the Idaho Counties Risk Management Pool (ICRMP) to provide general liability and property insurance. The City, along with other participating entities, contributes annual amounts determined by the ICRMP management. As claims arise, they are submitted to and paid by the ICRMP. If necessary, the ICRMP may assess members additional amounts to cover losses. No such additional assessments were made during 2024, or in any of the previous three years.

Litigation

The City is a party to legal actions arising in the normal course of its operations. In management's opinion, the City has adequate legal defenses and/or insurance coverage relative to each of these actions and does not believe that they will materially affect the City's operations or financial position.

Intergovernmental Grants

The City receives financial assistance from local, state and federal governmental agencies in the form of grants, which are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the City's independent auditors and other governmental auditors. Therefore, if the City has not complied with the terms and conditions governing the grants, refunds of any money received may be required, and the collectability of any related receivables at September 30, 2024 may be impaired. Based on prior experience, the City's administration believes such amounts, if any, would be immaterial.

15. Related Party Transactions

During the normal course of operations, the City transacts business with one or more of its elected officials. These transactions are a necessity for the City's operations and are conducted in the same manner as with other suppliers. The dollar amount of related party transactions is not material. As of September 30, 2024, liabilities to related parties are not significant and there are no related party receivables.

16. Prior Period Adjustment

On December 27, 2005, in order to avoid a fee increase for connecting to the City's water system, an individual who owned 10 lots that would be affected by the increase, purchased water hookup rights at $1,000 per lot. Because these hookup rights were never exercised, the City has carried a $10,000 deferred revenue liability for them in the Utility Fund's balance sheet.

On September 8, 2008, the City passed an ordinance under which the City began billing water fees to owners of properties with water hookup rights, even if those rights had not been exercised. Between October 1, 2008 and November 20, 2023, the combined billings for water fees, water bond fees, and the associated penalties on the 10 lots discussed in the previous paragraph totaled $55,827. Additionally, two other property owners had lots with abandoned structures on which the City billed not only the monthly water fees, but sewer fees and garbage fees as well. As of March 26, 2024, the combined unpaid balance on these lots was $32,991.

Although the balances associated with these properties had been identified as uncollectible in a prior fiscal year, the City continued to carry the amounts in accounts receivable and failed to write off the balances as bad debt expense. Because the write-off of these balances should have occurred in a prior fiscal year, the adjustment of the accounts receivable balances will be accounted for as a correction of an error, which requires restatement of beginning net position, as follows:

	As Previously Reported	As Restated
Statement of Net Position		
Current assets:		
Accounts receivable	$ 306,980	$ 208,807
Current liabilities:		
Unearned revenue	59,101	49,101
Net position:		
Total net position	21,054,954	20,966,781

Required Supplementary Information

City of St. Maries, Idaho
Budgetary Comparison Schedule for the General Fund
Year Ended September 30, 2024

	Budgeted Amounts		Actual Modified Accrual Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Taxes, primarily property	$ 838,877	$ 842,771	$ 849,739	$ 3,894	$ 6,968
Grant revenue	525,000	1,098,000	709,287	573,000	(388,713)
Intergovernmental	567,000	679,446	664,734	112,446	(14,712)
City fees and permits	15,650	34,754	117,266	19,104	82,512
Charges for services	93,100	111,930	41,295	18,830	(70,635)
Fines and forfeitures	7,100	7,100	7,225	-	125
Interest income	10,000	10,000	74,646	-	64,646
Other income	4,500	15,531	15,496	11,031	(35)
Total revenues	2,061,227	2,799,532	2,479,688	738,305	(319,844)
EXPENDITURES					
General government	389,377	430,177	296,753	(40,800)	133,424
Public safety	397,700	397,700	379,867	-	17,833
Streets	259,500	259,500	268,197	-	(8,697)
Parks and recreation	149,550	163,063	141,463	(13,513)	21,600
Library	101,100	101,100	109,939	-	(8,839)
Cemetery	77,500	79,100	83,397	(1,600)	(4,297)
Carpool	52,500	52,845	38,586	(345)	14,259
Capital outlays	1,374,000	2,345,410	1,791,705	(971,410)	553,705
Total expenditures	2,801,227	3,828,895	3,109,907	(1,027,668)	718,988
Excess (deficiency) of expenditures over (under) revenues	(740,000)	(1,029,363)	(630,219)	(289,363)	399,144
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	98,000	161,730	50,000	63,730	(111,730)
Total other financing sources	98,000	161,730	50,000	63,730	(111,730)
Net changes in fund balance	(642,000)	(867,633)	(580,219)	(225,633)	287,414
Total fund balance, beginning of year	2,700,140	2,700,140	2,700,140	-	-
Total fund balance, end of year	$ 2,058,140	$ 1,832,507	$ 2,119,921	$ (225,633)	$ 287,414

See Independent Auditor's Report and Notes to Budgetary Comparison Schedule.

City of St. Maries, Idaho
Notes to Budgetary Comparison Schedule
September 30, 2024

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental funds financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, the budgetary comparison schedule has been prepared in conformance with the presentation used in the preparation of the governmental funds financial statements. This presentation differs from the account groupings required by Idaho Statutes for the City Council's budgetary control at the functional level. As a result, the budgetary comparison schedule on page 38 discloses two instances in which actual expenditures exceeded budgeted expenditures. In fact, there were no instances in which actual expenditures exceeded budgeted expenditures at the fund and/or department levels required by Idaho Statutes.

City of St. Maries, Idaho
Schedule of Employer's Share of the Net Pension Liability (Asset) - PERSI Base Plan
Last 10 Fiscal Years

Plan Year	Employer's Portion of NPL(A)	Employer's Proportionate Share of NPL(A) (a)	Employer's Covered Employee Payroll (b)	Employer's NPL(A) as a Percentage of Covered Payroll (a / b)	Plan Net Position as a Percentage of Total Pension Liability
2015	0.000261111	$ 343,842	$ 708,039	48.56%	91.38%
2016	0.000257723	522,444	746,204	70.01%	87.26%
2017	0.000189277	297,511	584,410	50.91%	90.68%
2018	0.000167054	246,408	536,180	45.96%	91.69%
2019	0.000163805	186,978	553,481	33.78%	93.79%
2020	0.000155759	361,693	555,727	65.08%	88.22%
2021	0.000158352	(12,506)	809,951	-1.54%	100.36%
2022	0.000206186	812,116	589,480	137.77%	83.09%
2023	0.000185887	741,815	808,832	91.71%	83.83%
2024	0.000182287	681,872	894,553	76.22%	85.54%

Data reported is measured as of June 30 of each respective plan year.

City of St. Maries, Idaho
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contributions (a)	Actual Employer Contributions (b)	Contributions Excess (Deficiency) (b - a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2015	$ 80,805	$ 83,482	$ 2,677	$ 713,826	11.70%
2016	82,452	83,262	810	728,378	11.43%
2017	62,160	62,434	274	549,120	11.37%
2018	61,072	61,044	(28)	538,064	11.35%
2019	63,741	63,741	-	556,584	11.45%
2020	67,799	67,799	-	566,590	11.97%
2021	88,510	88,510	-	739,172	11.97%
2022	83,149	83,149	-	693,411	11.99%
2023	96,369	96,369	-	805,967	11.96%
2024	101,452	101,452	-	869,877	11.66%

Data reported is measured as of September 30 of each respective fiscal year.

City of St. Maries, Idaho
Notes to PERSI Base Plan Schedules
September 30, 2024

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2024.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2024.

3. Changes in Assumptions

With the exception of changes to asset allocations and the corresponding long-term expected rate of return for each asset class, there were no significant changes in actuarial assumption during the Plan year ended June 30, 2024.

Other Supplementary Information

City of St. Maries, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2024

	Library Fund	Perpetual Care Fund	Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 156,929	$ 136,028	$ 292,957
Total assets	$ 156,929	$ 136,028	$ 292,957
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 934	$ -	$ 934
Total liabilities	934	-	934
Fund balance:			
Nonspendable:			
Endowment	-	50,000	50,000
Restricted for:			
Perpetual care	-	86,028	86,028
Unassigned	155,995	-	155,995
Total fund balance	155,995	136,028	292,023
Total liabilities and fund balance	$ 156,929	$ 136,028	$ 292,957

City of St. Maries, Idaho
Combining Statement of Revenues, Expenditures and Change in Fund Balance - Nonmajor Governmental Funds
Year Ended September 30, 2024

	Library Fund	Perpetual Care Fund	Nonmajor Governmental Funds
Revenues:			
Property taxes	$ 29,750	$ -	$ 29,750
Grant revenue	3,150	-	3,150
Charges for services	4,224	3,525	7,749
Interest income	3,928	2,385	6,313
Other income	7,244	-	7,244
Total revenues	48,296	5,910	54,206
Expenditures:			
Books	10,029	-	10,029
Supplies	11,660	-	11,660
Library cooperative expense	3,736	-	3,736
Utilities	2,940	-	2,940
Repairs and maintenance	533	-	533
Training	330	-	330
Other expenses	4,263	-	4,263
Principal and interest	-	-	-
Total expenditures	33,491	-	33,491
Excess of revenues over expenditures before other financing uses	14,805	5,910	20,715
Other financing uses:			
Transfers to other fund	(50,000)	-	(50,000)
Total other financing uses	(50,000)	-	(50,000)
Net changes in fund balance	(35,195)	5,910	(29,285)
Total fund balance, beginning of year	191,190	130,118	321,308
Total fund balances, end of year	$ 155,995	$ 136,028	$ 292,023

Compliance Reports

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
Members of the City Council
City of St. Maries, Idaho

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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Maries, 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 February 20, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we consider the deficiencies described in the accompanying Schedule of Findings and Responses as Finding 2024-001 through 2024-003, in the aggregate, to be a material weakness.

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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Responses to the Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

February 20, 2026

City of St. Maries, Idaho
Schedule of Findings and Responses
Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:		Unmodified
Internal control over financial reporting:		
• Material weakness(es) identified?	☒ Yes	☐ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

City of St. Maries, Idaho
Schedule of Findings and Responses
Year Ended September 30, 2024

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2024-001

Condition	The size of the City's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The City's staff is too small to allow an adequate segregation of duties.
Recommendation	Although the City's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting, we recommend that officials be aware that the condition does exist.
Management's Response	Management and the City's Council are aware of this condition. Management believes that the City has minimized the risk to the degree possible, given the size of the City, the limited number of office staff, and associated costs or other considerations.

City of St. Maries, Idaho
Schedule of Findings and Responses
Year Ended September 30, 2024

Finding 2024-002

Condition	The City's records lack the necessary support for certain of the amounts in the city-wide financial statements.
Criteria	Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) established financial reporting requirements and a reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes city-wide financial statements, including the Statement of Net Position – City-Wide and the Statement of Activities – City-Wide. These statements are similar to the financial statements of traditional, for-profit entities, and include noncurrent assets such as capital assets (e.g., buildings, equipment, etc.) and noncurrent liabilities such as compensated absences and capital lease obligations.
Effect	The adoption of GASB No. 34 created the need for additional recordkeeping that the City is not fully performing at this time.
Cause	The financial statements of state and local governments did not previously include these noncurrent assets and liabilities. GASB No. 34 has imposed additional recordkeeping requirements on the City that had not existed previously. One such example is complete depreciation records for capital assets.
Recommendation	We strongly recommend that the City develop the recordkeeping capabilities to comply with the reporting requirements of GASB No. 34.
Management's Response	The City will implement the necessary recordkeeping procedures that will allow it to generate all of the amounts needed for financial reporting under GASB No. 34.

City of St. Maries, Idaho
Schedule of Findings and Responses
Year Ended September 30, 2024

Finding 2024-003

Condition	While improvement has occurred, due in part to the City's size and limited resources, year-end closing procedures are not fully formalized and documented for certain accounts.
Criteria	An effective system of internal control over financial reporting includes periodically reconciling each general ledger account, and adjusting the recorded balances if necessary, including balances reported in the basic financial statements on the modified accrual and accrual bases of accounting.
Effect	In connection with performing our audit testing, we proposed several audit adjustments to correct account balances. Clarified Statement on Auditing Standards Section 265, *Communicating Internal Control Related Matters Identified in an Audit* (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control over financial reporting should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control over financial reporting.
Cause	The City does not have fully formalized, documented procedures for periodically reviewing and reconciling each general ledger account. One such example is the timely recording of grant activity and maintenance of related records.
Recommendation	We recommend that year-end closing procedures be further developed, documented and implemented for each general ledger account, and that training over the required procedures be provided to City personnel. By documenting the procedures and providing training to personnel, especially in relation to transactions that occur less frequently or are outside of the general nature of operations, the need for audit adjustments should be reduced or eliminated altogether.
Management's Response	The City will continue to develop and implement documented procedures for reconciling and adjusting account balances for each general ledger account, and training will be made available on an as-needed basis, in an effort to eliminate audit adjustments.

City of St. Maries, Idaho
Status of Prior Year Findings
Year Ended September 30, 2024

Finding 2023-001

Condition: The size of the City's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-001.

Finding 2023-002

Condition: The City's records lack the necessary support for certain of the amounts in the city-wide financial statements.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-002.

Finding 2023-003

Condition: While improvement has occurred, due in part to the City's size and limited resources, year-end closing procedures are not fully formalized and documented for certain accounts.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-003.

Finding 2023-004

Condition: The City does not have fully formalized or documented procedures related to the accurate recording, reconciling or oversight of grant programs. In connection with performing our audit testing, we noted that procedures had not been adequately performed to properly reconcile grant revenues, expenditures and the related receivables and liabilities, as applicable, which resulted in material misstatements.

Status: This condition was corrected during the current year.