CITY OF WHITE BIRD

FINANCIAL STATEMENTS

For the Year Ended September 30, 2024

CITY OF WHITE BIRD

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3-5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	8-9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10-11
Statement of Net Position – Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	13
Statement of Cash Flows – Proprietary Funds	14
NOTES TO FINANCIAL STATEMENTS	15
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – General Fund	29
Budgetary Comparison Schedule – Street Fund	30
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report – *Government Auditing Standards*	32
Schedule of Findings and Responses	34

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of White Bird
White Bird, 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, and each major fund of the City of White Bird, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 29 through 30 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, who considers it to be an essential part of the financial reporting for placing the basic financial statements in the 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.

The City of White Bird has not presented 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 who considers it to be an essential part of the 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 the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 8, 2026, on our consideration of the City of White Bird's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of White Bird's internal control over financial reporting and compliance.

Presnell Gage PLLC

May 8, 2026
Lewiston, Idaho

CITY OF WHITE BIRD

STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 81,309	$ 91,880	$ 173,189
Receivables			
Delinquent taxes	1,718		1,718
Accounts		15,266	15,266
Intergovernmental	4,289	29,726	34,015
Interfund balances	10,687	(10,687)	
Prepaid expenses	3,562	2,562	6,124
Total current assets	101,565	128,747	230,312
NONCURRENT ASSETS			
Restricted cash and investments		15,469	15,469
Capital assets, net of accumulated depreciation	85,910	3,229,649	3,315,559
Total noncurrent assets	85,910	3,245,118	3,331,028
Total assets	187,475	3,373,865	3,561,340
CURRENT LIABILITIES			
Accounts payable	447	32,201	32,648
Accrued salaries and benefits	2,557	3,513	6,070
Accrued interest on bonds		2,984	2,984
Current portion of bonds payable		13,558	13,558
Total current liabilities	3,004	52,256	55,260
LONG-TERM OBLIGATIONS			
Bonds payable, net of current portion		288,285	288,285
Total long-term obligations	0	288,285	288,285
Total liabilities	3,004	340,541	343,545
DEFERRED INFLOWS OF RESOURCES			
Unearned grant revenue		20,434	20,434
Total deferred inflows of resources	0	20,434	20,434
NET POSITION			
Investment in capital assets, net of related debt	85,910	2,927,806	3,013,716
Restricted for:			
Bond covenants		15,469	15,469
Unrestricted	98,561	69,615	168,176
Total net position	$ 184,471	$ 3,012,890	$ 3,197,361

See accompanying notes

CITY OF WHITE BIRD

STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities							
General government	$ 29,347				$ (29,347)		$ (29,347)
Fire protection	31,940	$ 5,870		$ 36,201	10,131		10,131
Transportation	4,898		$ 8,302		3,404		3,404
Quick response unit	203				(203)		(203)
Unallocated depreciation	6,024				(6,024)		(6,024)
Total governmental activities	$ 72,412	$ 5,870	$ 8,302	$ 36,201	(22,039)	$ 0	(22,039)
Business-Type Activities							
Water	$ 102,741	$ 38,574		$ 177,423		113,256	113,256
Sewer	151,401	64,839				(86,562)	(86,562)
Sanitation	20,403	18,279				(2,124)	(2,124)
Total business-type activities	$ 274,545	$ 121,692	$ 0	$ 177,423		24,570	24,570
General revenues:							
Property taxes, levied for general purposes					21,006		21,006
State liquor taxes					3,642		3,642
State revenue sharing not restricted to specific programs					9,585		9,585
Interest and investment earnings						920	920
Other general revenues					1,784	146	1,930
					36,017	1,066	37,083
Change in net position					13,978	25,636	39,614
Net position, beginning					170,493	2,987,254	3,157,747
Net position, ending					$ 184,471	$ 3,012,890	$ 3,197,361

See accompanying notes

CITY OF WHITE BIRD

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2024

	General	Street	Fire	Total Governmental Funds
ASSETS				
Cash	$ 33,152	$ 8,920	$ 39,237	$ 81,309
Receivables				
Delinquent taxes	1,718			1,718
Intergovernmental	3,229	1,060		4,289
Interfund balances	10,687			10,687
Prepaid expenditures	1,281	1,000	1,281	3,562
Total assets	$ 50,067	$ 10,980	$ 40,518	$ 101,565
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 380	$ 67		$ 447
Accrued salaries and benefits	2,557			2,557
Total liabilities	2,937	67	$ 0	3,004
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,718			1,718
Total deferred inflows of resources	1,718	0	0	1,718
FUND BALANCES				
Unassigned, reported in:				0
General fund	45,412			45,412
Special revenue		10,913	40,518	51,431
Total fund balances	45,412	10,913	40,518	96,843
Total liabilities, deferred inflows of resources, and fund balances	$ 50,067	$ 10,980	$ 40,518	$ 101,565

See accompanying notes

CITY OF WHITE BIRD

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

Total fund balances - Governmental Funds		$ 96,843
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:		
Cost of capital assets	$ 169,712	
Accumulated depreciation	(83,802)	
		85,910
Property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		1,718
Total net position - Governmental Activities		$ 184,471

See accompanying notes

CITY OF WHITE BIRD

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

	General	Street	Fire	Total Governmental Funds
REVENUES				
Property taxes	$ 20,231			$ 20,231
Licenses and permits	740			740
Intergovernmental revenues	13,227	$ 8,302		21,529
Charges for services			$ 5,870	5,870
Donations			31,135	31,135
Other	1,044		66	1,110
Total revenues	35,242	8,302	37,071	80,615
EXPENDITURES				
Current				
General government	29,347			29,347
Fire protection			31,940	31,940
Street		4,898		4,898
Quick response unit	203			203
Total expenditures	29,550	4,898	31,940	66,388
NET CHANGES IN FUND BALANCES	5,692	3,404	5,131	14,227
FUND BALANCES AT BEGINNING OF YEAR	39,720	7,509	35,387	82,616
FUND BALANCES AT END OF YEAR	$ 45,412	$ 10,913	$ 40,518	$ 96,843

See accompanying notes

CITY OF WHITE BIRD

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

Net changes in fund balances - Total Governmental Funds	$	14,227
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation:		
Current year depreciation		(6,024)
Fire truck donated to the City		5,000
Some amounts receivable will not be collected for several months after the fiscal year-ends and they are not considered available revenues in the governmental funds. Instead, they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities:		
Current year taxes receivable		1,718
Prior year taxes receivable		(943)
Change in net position - Governmental Activities	$	13,978

See accompanying notes

CITY OF WHITE BIRD

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
September 30, 2024

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Totals
ASSETS				
CURRENT ASSETS				
Cash	$ 14,837	$ 76,412	$ 631	$ 91,880
Receivables				
Accounts	4,822	8,077	2,367	15,266
Intergovernmental - grants	29,726			29,726
Interfund receivables		145	3,290	3,435
Prepaid expenses	1,281	1,281		2,562
Total current assets	50,666	85,915	6,288	142,869
NONCURRENT ASSETS				
Restricted cash and investments	10,043	5,426		15,469
Capital assets, net of accumulated depreciation	1,166,837	2,062,812		3,229,649
Total noncurrent assets	1,176,880	2,068,238	0	3,245,118
Total assets	$ 1,227,546	$ 2,154,153	$ 6,288	$ 3,387,987
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 30,447	$ 1,754		$ 32,201
Accrued salaries and benefits	925	2,393	$ 195	3,513
Accrued interest on bonds	996	1,988		2,984
Interfund payables	10,832	3,290		14,122
Current portion of bonds payable	6,568	6,990		13,558
Total current liabilities	49,768	16,415	195	66,378
LONG-TERM OBLIGATIONS				
Bonds payable, net of current portion	72,857	215,428		288,285
Total long-term obligations	72,857	215,428	0	288,285
Total liabilities	122,625	231,843	195	354,663
DEFERRED INFLOWS OF RESOURCES				
Unearned grant revenue	20,434			20,434
Total deferred inflows of resources	20,434	0	0	20,434
NET POSITION				
Investment in capital assets, net of related debt	1,087,412	1,840,394		2,927,806
Restricted for:				
Bond covenants	10,043	5,426		15,469
Unrestricted	(12,968)	76,490	6,093	69,615
Total net position	1,084,487	1,922,310	6,093	3,012,890
Total liabilities and net position	$ 1,227,546	$ 2,154,153	$ 6,288	$ 3,387,987

See accompanying notes

CITY OF WHITE BIRD

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

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Totals
OPERATING REVENUES				
Charges for services	$ 38,574	$ 64,839	$ 18,279	$ 121,692
Total operating revenues	38,574	64,839	18,279	121,692
OPERATING EXPENSES				
Personal services	13,109	17,701	1,259	32,069
Supplies	1,939	7,698	129	9,766
Services and charges	40,172	36,619	19,015	95,806
Depreciation	43,771	85,389		129,160
Total operating expenses	98,991	147,407	20,403	266,801
OPERATING LOSS	(60,417)	(82,568)	(2,124)	(145,109)
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	394	526		920
Interest expense	(3,750)	(3,994)		(7,744)
Other income	98		48	146
Total nonoperating revenues (expenses)	(3,258)	(3,468)	48	(6,678)
NET INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(63,675)	(86,036)	(2,076)	(151,787)
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	177,423			177,423
Total contributions and transfers	177,423	0	0	177,423
CHANGE IN NET POSITION	113,748	(86,036)	(2,076)	25,636
NET POSITION AT BEGINNING OF YEAR	970,739	2,008,346	8,169	2,987,254
NET POSITION AT END OF YEAR	$ 1,084,487	$ 1,922,310	$ 6,093	$ 3,012,890

See accompanying notes

CITY OF WHITE BIRD

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

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 36,935	$ 62,406	$ 17,528	$ 116,869
Cash paid for payroll	(13,318)	(18,469)	(1,259)	(33,046)
Cash paid for operating expenses	(42,807)	(45,704)	(19,144)	(107,655)
Net cash used by operating activities	(19,190)	(1,767)	(2,875)	(23,832)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net Interfund advance (payments)	8,691	(566)	566	8,691
Net cash provided (used) by noncapital financing activities	8,691	(566)	566	8,691
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchase and construction of capital assets	(183,155)			(183,155)
Bond principal payments	(6,293)	(6,858)		(13,151)
Capital contributions	208,785			208,785
Other receipts	98		48	146
Interest paid	(3,750)	(3,994)		(7,744)
Net cash provided (used) by capital financing activities	15,685	(10,852)	48	4,881
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	394	526		920
Net cash provided by investing activities	394	526	0	920
Net change in cash	5,580	(12,659)	(2,261)	(9,340)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,300	94,497	2,892	116,689
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 24,880	$ 81,838	$ 631	$ 107,349
CASH COMPONENTS				
Current assets, cash	$ 14,837	$ 76,412	$ 631	$ 91,880
Restricted cash and investments	10,043	5,426		15,469
	$ 24,880	$ 81,838	$ 631	$ 107,349
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED USED BY OPERATING ACTIVITIES				
Operating loss	$ (60,417)	$ (82,568)	$ (2,124)	$ (145,109)
Adjustment to reconcile operating loss to net cash used by operating activities				
Depreciation	43,771	85,389		129,160
Changes in:				
Accounts receivable	(1,639)	(2,433)	(751)	(4,823)
Prepaid expense	(1,281)	(1,281)		(2,562)
Accounts payable, operating activities	585	(106)		479
Accrued salaries and benefits	(209)	(768)		(977)
Net cash used by operating activities	$ (19,190)	$ (1,767)	$ (2,875)	$ (23,832)

See accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of White Bird is an incorporated city of the State of Idaho. The City operates under an elected Mayor-Council form of government. The City's major operations include public safety, streets, and general administrative services. Other services include utility operations.

The City's financial statements are prepared in accordance with United States generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the City are discussed below.

A. Reporting Entity

The City's reporting entity includes the City government and all related organizations for which the City exercises oversight responsibility as defined by the Governmental Accounting Standards Board.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The City has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity that would exercise such oversight, which would result in the City being considered a component unit of the entity.

B. Measurement Focus Basis of Accounting and Basis of Presentation

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are non-exchange transactions, and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expense for enterprise funds includes the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds are presented in the financial statements on the accrual basis of accounting, similar to the basis used by government-wide statements and are accounted for on a flow of economic resources measurement focus. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this measurement, revenues are recognized in the accounting period when they become susceptible to accrual (i.e. when they are "measurable" and "available"). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay the liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of long-term debt are reported as other financing resources.

The City considers all revenues available if they are collected within sixty (60) days after year-end. The City reports unearned revenue in its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Intergovernmental revenues and sales and services are not susceptible to accrual because they generally are not measurable until received in cash.

Restricted Resources

Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Restricted Resources (Continued)

Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions,* defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable. Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted. Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed. Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned. Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned. Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

Government-Wide Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City as a whole, excluding fiduciary activities such as employee pension plans. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes, intergovernmental revenues, and other non-exchange transactions, from business-type activities, generally financed in whole or in part with fees charged to external customers. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the function program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees 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. These revenues are subject to externally imposed restrictions to these program uses. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Government-Wide Statements (Continued)

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, including the reclassification or elimination of internal activity (between or within funds).

Fund Financial Statements

The fund financial statements provide information about the City's fund categories. Separate statements for governmental funds and proprietary funds. The City does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental Funds. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The City reports the following major governmental funds:

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

- Street Fund. The street fund is used for the maintenance of the City's roads.

Proprietary Funds. All proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Proprietary funds include enterprise funds and internal service funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus Basis of Accounting and Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Enterprise Funds. Enterprise funds are used to account for activities that are similar to those often found in the private sector.

The City reports the following major Enterprise Funds:

- Water Fund. This activity provides and distributes water primarily to City residents.
- Sewer Fund. This activity provides for the sewer collection and treatment services to primarily City residents.
- Sanitation Fund. This activity provides sanitation services to all City residents.

Internal Service Funds. The City does not have any internal service funds.

C. Assets, Liabilities, and Equity

Deposits and Investments. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the State of Idaho and its agencies, U.S. Treasury and U.S. agencies, City coupon and local improvement district bonds, repurchase agreements, tax and revenue anticipation bonds, notes, and the State Treasurer's Local Government Investment Pool.

Receivables and Payables. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund balances" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements.

All trade accounts receivable are shown net of an allowance for doubtful accounts. Trade accounts receivable allowance for uncollectables is calculated based upon past experience and management's assessment of the current receivables. Substantially, all property taxes are collected; therefore, no allowance is provided for property taxes.

The City's property taxes are levied by Idaho County in November and payable on December 20 and June 20 following the levy date. Taxes are remitted to the City in the month following collection. The taxes are delinquent and a lien is filed the day following the due date. A tax deed is issued on property three years from the date of delinquency. At fiscal year-end, the receivables represent delinquent taxes. Amounts not paid within 30 days are recorded as deferred revenue for the fund financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

Inventory. Inventory is valued at cost, which approximates market, using the first-in, first-out method. Inventory in the general fund consists of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets. Bond covenants of the City's water fund require portions of debt proceeds as well as other resources to be set aside for various purposes. These amounts are reported as restricted assets.

Capital Assets. Capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The City records all capital assets at their original cost. Assets acquired prior to 2006 are recorded at their estimated original cost. Interest is capitalized on capital assets during the construction period. Also, included in capital assets are infrastructure assets (e.g. streets, bridges, sidewalks, and similar items) constructed, acquired, or completed on or after October 1, 2003.

The City capitalizes equipment with an original unit cost of $3,000 or more and an expected life of more than 3 years. The City capitalizes property improvements with an estimated cost of $10,000 or more that is expected to extend the property life by 10 years or more.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings – 30 years; vehicles – 7 years; machinery and equipment – 10 years; road equipment – 10 years; computer equipment – 3 years; water and sewer system 20 – 40 years.

Compensated Absences. The City is required to accrue a liability for employee's compensation for future absences if specific conditions are met. The City does not meet these conditions; therefore, no amount is accrued in the financial statements as of September 30, 2024.

Cash Flow Statement. The City considers all bank accounts to be cash for statement of cash flow purposes.

Use of Estimates. Management of the City uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

Government-wide and Proprietary Fund Net Positions. Government-wide and proprietary fund net positions are divided into three components:

- Invested in capital assets, net of related debt—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted net position—consists of net position that is restricted by the City's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances. Governmental fund balances are reported as "restricted" when the balances are not available for appropriation or expenditure (for example because they represent supplies inventories) or because they are legally segregated for a specific future use (for example because the government has encumbered assets pending vendor completion of supplies orders).

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

2. BUDGETARY AND LEGAL COMPLIANCE

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

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

Public hearings are conducted at various times during the year to obtain taxpayer comments. Prior to the second Monday in September, the budget is legally enacted through passage of an ordinance. The budget covers all governmental and proprietary fund types. The City adopts budgets on the modified accrual basis of accounting for all governmental fund types and proprietary fund types.

The City Council is authorized to transfer budgeted amounts between departments within any fund; however, expenditures from the emergency fund, or any revisions that alter the total expenditures of any fund, must be approved by the City Council. The legal level of budgetary control is the fund level.

Encumbrance accounting is employed for capital projects in the governmental fund types. For budgetary purposes, the encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred.

2. BUDGETARY AND LEGAL COMPLIANCE (CONTINUED)

Budgetary Information (Continued). For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. Unencumbered appropriations lapse at year-end.

Expenditures may not exceed the budget at the individual fund level. No funds exceeded their budget in the fiscal year.

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposit and investment policies are disclosed in Note 1.

The carrying amount of the City's deposits (checking and savings accounts) was $81,309 for governmental activities and $107,349 for business-type activities. Of the total bank balance, the entire amount was covered by federal depository insurance.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the City's investments. The City does not have a policy regarding interest rate risk.

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the investment custodian, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The City does not have a policy regarding custodial risk.

Concentration of Credit Risk. The City has no policy on the amount they may invest in any one issuer.

B. Receivables

Delinquent taxes represent delinquent property amounts due from individuals. Over time, substantially all property taxes are collected.

Business-Type receivables represent:	
Customer utility billings for water, wastewater collection, and sanitation	$ 15,266
Business-Type Activities	$ 15,266
Governmental receivables represent:	
Delinquent taxes	$ 1,718
Intergovernmental	
State of Idaho, state revenue sharing	2,463
State of Idaho, highway user fees	1,060
State of Idaho, state liquor apportionment	766
Governmental Activities	$ 6,007

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

C. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Depreciable assets				
Buildings and improvements	$ 120,713			$ 120,713
Furniture and equipment	5,000			5,000
Road and fire equipment	38,999	$ 5,000		43,999
	$ 164,712	$ 5,000	$ 0	169,712
Accumulated depreciation				
Buildings and improvements	$ 45,028	$ 3,024		48,052
Furniture and equipment	5,000			5,000
Road and fire equipment	27,750	3,000		30,750
	$ 77,778	$ 6,024	$ 0	83,802
Capital assets, net				$ 85,910
Business-Type Activities				
Capital assets not being depreciated:				
Land	$ 15,818			$ 15,818
Construction in progress	578,296	$ 151,713		730,009
Depreciable assets				
Water systems	1,425,742			1,425,742
Vehicles	7,500			7,500
Sewer systems	2,669,540			2,669,540
	$ 4,696,896	$ 151,713	$ 0	4,848,609
Accumulated depreciation				
Water systems	$ 953,052	$ 43,771		996,823
Vehicles	2,142	1,071		3,213
Sewer systems	534,606	84,318		618,924
	$ 1,489,800	$ 129,160	$ 0	1,618,960
Capital assets, net				$ 3,229,649

Depreciation expense was charged to the following functions:

Governmental Activities		Business-Type Activities	
Unallocated	$ 6,024	Water	$ 43,771
		Sewer	85,389
			$ 129,160

3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)

D. Bonds Payable

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

Revenue Bonds. $166,000 Water Revenue Bond Series 2003 due in annual installments of $10,043 (including interest at 4.375 percent). The bond matures on June 25, 2034. $250,067 Sewer Revenue Bond Series 2019 due in semi-annual installments of $5,426 (including interest at 1.75 percent). The bond matures on November 26, 2050.

The annual requirements to amortize all bonds and notes outstanding as of September 30, 2024, are as follows:

September 30	Series 2003	Series 2019	Interest	Total
2025	$ 6,568	$ 6,990	$ 7,337	$ 20,895
2026	6,856	7,113	6,927	20,896
2027	7,156	7,238	6,502	20,896
2028	7,469	7,355	6,071	20,895
2029	7,795	7,494	5,606	20,895
2030-2034	43,581	39,484	20,589	103,654
2035-2039		43,080	11,179	54,259
2040-2044		47,000	7,260	54,260
2045-2049		51,286	2,974	54,260
2050		5,378	47	5,425
	$ 79,425	$ 222,418	$ 74,492	$ 376,335

E. Changes in General Long-Term Obligations

The following is a summary of changes in long-term debt for the year ended September 30, 2024:

	9/30/23	Additions	Reductions	9/30/24	Due Within One Year
Business-Type Activities					
Bonds payable - Water	$ 85,718		$ 6,293	$ 79,425	$ 6,568
Bonds payable – Sewer	229,276		6,858	222,418	6,990
Total	$ 314,994	$ 0	$ 13,151	$ 301,843	$ 13,558

Total interest expense amounted to $7,744 in the business-type activities. All interest is reported as direct program expenses.

4. OTHER INFORMATION

A. Risk Management/Comprehensive Liability

The City of White Bird is a member of the Idaho Counties Risk Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

The general insurance limits are as follows:

General liability	$3,000,000 per claim
Property damage	$1,000,000 per claim
Automobile liability	$3,000,000 per claim
Errors and omissions liability	$3,000,000 per claim
Crime insurance and bonding	$250,000 per claim
Boiler and machinery	$2,500,000 per claim

B. Segment Information

The City has issued revenue bonds to support the water and wastewater collection services. The fund financial statements report this fund as major funds and disclose the required segment information.

C. Contingent Liabilities

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

D. Public Employee Retirement System of Idaho (PERSI)

The City of White Bird does not participate in the Public Employee Retirement System of Idaho, nor do they have a pension plan.

E. Interfund Receivables, Payables, and Transfers

The City pools its cash between the governmental funds and proprietary funds. Expenditures and receipts are paid and deposited into the pooled accounts on behalf of other funds, which creates interfund receivables and payables. At fiscal year-end, the water fund owes the general fund $10,687 and the sewer fund $145. The sewer fund owes the sanitation fund $3,290. Interfund receivables and payables in each fund are offset for financial statement presentation purposes.

4. OTHER INFORMATION (CONTINUED)

F. Fund Balance Reserves and Designations

Assigned Fund Balance. The fund balance is assigned for use for specific purposes, including the payment for special revenue funds.

Unassigned Fund Balance. The fund balance has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

G. Bond Ordinance Disclosures

(a) Water Revenue Bond, Series 2003 Earnings Ratio

City of White Bird Ordinance No. 124 provides that water rates of the City must be maintained at a level sufficient to provide net earnings from operations before depreciation and interest of not less than 1.20 times the amount required to pay all principal and interest to be paid on the bonds in the next succeeding fiscal year.

For the year ended September 30, 2024, the following analysis reflects the ratio:

Net profit (loss) from operations	$ (60,417)
Add:	
Depreciation	43,771
(a) Net earnings before depreciation and interest	$ (16,646)
(b) Amount required to retire bonds and to pay interest maturing in next year	$ 10,043
Ratio (a / b)	(1.66)

Therefore, the City is not in compliance with the earnings ratio.

(b) Water Revenue Bond, Series 2003 Reserve Fund

The City was required to create a "Reserve Fund." This fund is required to have one tenth of the annual payment placed into it annually until an amount equal to one year's payment is accumulated ($10,043). At fiscal year-end, the amount required to be accumulated was $11,482. The City has this amount set aside in a reserve at year-end and, therefore, is in compliance with this provision.

4. OTHER INFORMATION (CONTINUED)

G. Bond Ordinance Disclosures (Continued)

(c) Sewer Revenue Bond, Series 2019 Earnings Ratio

City of White Bird Ordinance No. 166 provides that sewer rates of the City must be maintained at a level sufficient to provide net earnings from operations before depreciation and interest of not less than 1.20 times the amount required to pay all principal and interest to be paid on the bonds in the next succeeding fiscal year.

For the year ended September 30, 2024, the following analysis reflects the ratio:

Net profit (loss) from operations	$ (82,568)
Add:	
Depreciation	85,389
(a) Net earnings before depreciation and interest	$ 2,821
(b) Amount required to retire bonds and to pay interest maturing in next year	$ 10,852
Ratio (a / b)	.26

Therefore, the City is not in compliance with the earnings ratio.

(d) Sewer Revenue Bond, Series 2019 Reserve Fund

The City was required to create a "Reserve Fund." This fund is required to have one tenth of the annual payment placed into it annually until an amount equal to one year's payment is accumulated ($10,852). At fiscal year-end, the amount required to be accumulated was $5,426. The City has this amount set aside in a reserve at year-end and, therefore, is in compliance with this provision.

H. Subsequent Event

Management has evaluated subsequent events through May 8, 2026, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WHITE BIRD

BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended September 30, 2024

	Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Property taxes	$ 20,385	$ 20,231	$ (154)
Licenses and permits	650	740	90
Intergovernmental revenues	14,312	13,227	(1,085)
Other		1,044	1,044
Total revenues	35,347	35,242	(105)
EXPENDITURES			
General government	87,347	29,347	58,000
Quick response unit	7,000	203	6,797
Total expenditures	94,347	29,550	64,797
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,000)	5,692	64,692
FUND BALANCE AT BEGINNING OF YEAR	88,000	39,720	(48,280)
FUND BALANCE AT END OF YEAR	$ 29,000	$ 45,412	$ 16,412

CITY OF WHITE BIRD

BUDGETARY COMPARISON SCHEDULE -
STREET FUND
Year Ended September 30, 2024

	Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental revenues	$ 7,279	$ 8,302	$ 1,023
Total revenues	7,279	8,302	1,023
EXPENDITURES			
Street	8,779	4,898	3,881
Total expenditures	8,779	4,898	3,881
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,500)	3,404	4,904
FUND BALANCE AT BEGINNING OF YEAR	0	7,509	7,509
FUND BALANCE AT END OF YEAR	$ (1,500)	$ 10,913	$ 12,413

SUPPLEMENTARY INFORMATION

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members
of the City Council
City of White Bird
White Bird, 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, and each major fund of the City of White Bird as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of White Bird's basic financial statements and have issued our report thereon dated May 8, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of White Bird's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of White Bird's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of White Bird'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (finding #2024-001).

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of White Bird'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City of White Bird's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City of White Bird's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of White Bird's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Presnell Gage PLLC

May 8, 2026
Lewiston, Idaho

SIGNIFICANT DEFICIENCIES

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The City of White Bird has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired “segregation of duties."

Effect: Many accounting duties are performed by a single individual with limited oversight available within the City of White Bird.

Response: The City’s management believes that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the City’s response.