CITY OF WORLEY

FINANCIAL AUDIT REPORTS
AND STATEMENTS

Year Ended September 30, 2024

Prepared by

ALPINE SUMMIT CPAs

TABLE OF CONTENTS

Independent Auditor's Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position	7
Combined Statement of Revenue, Expenditures, and Changes in Fund Balances All Governmental Fund Types	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenue, Expenses, and Changes in fund Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Notes to Financial Statements	13
Required Supplementary Information:	
Schedule of City's Share of Net Pension Liability	28
Schedule of City's Contribution	28
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	29
Notes to the Budget and Actual Schedule	30
Independent Auditor's 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*	31

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Worley, 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 Worley, Idaho, 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 Worley, 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 principle 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 Worley, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Schedule of City's Share of Net Pension Liability and the Schedule of City's Contributions and the budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion & 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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2025, on our consideration of the City of Worley, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Worley, Idaho's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Worley, Idaho's internal control over financial reporting and compliance.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
February 4, 2025

BASIC FINANCIAL STATEMENTS

CITY OF WORLEY
Statement of Net Position
September 30, 2024

	Government Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash & Investments	$ 666,859	$ 450,226	$ 1,117,085
Receivables:			
Property Taxes	15,757	-	15,757
Interest	1,599	1,895	3,494
Accounts Receivable (net)	(36)	35,407	35,371
Due from Other Governments	29,782	-	29,782
Prepaid Expenses	156	364	520
Interfund Receivables and Payable	49,250	(49,250)	-
Total Current Assets	763,367	438,642	1,202,009
Capital Assets:			
Construction in Progress	-	878,192	878,192
Capital Assets, net	220,823	1,977,517	2,198,340
Total Capital Assets	220,823	2,855,709	3,076,532
Total Assets	984,190	3,294,351	4,278,541
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	11,009	19,287	30,296
Total Deferred Outflow of Resources	11,009	19,287	30,296
LIABILITIES			
Current Liabilities:			
Accounts Payable	14,301	10,968	25,269
Wages, Benefits, and Taxes Payable, net	11,875	5,936	17,811
Utility Deposits	-	35,429	35,429
Current Portion of Long Term Debt	-	13,929	13,929
Total Current Liabilities	26,176	66,262	92,438
Long-Term Liabilities:			
Net Pension Liability	39,494	69,186	108,680
USDA Revenue Bonds	-	646,481	646,481
Total Long-Term Liabilities	39,494	715,667	755,161
Total Liabilities	65,670	781,929	847,599
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	717	1,257	1,974
Total Deferred Inflow of Resources	717	1,257	1,974
NET POSITION			
Net Investment in Capital Assets	220,823	2,195,299	2,416,122
Restricted, Capital Investment		-	-
Unrestricted	707,989	335,153	1,043,142
Total Net Position	$ 928,812	$ 2,530,452	$ 3,459,264

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
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 (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities:							
General Government - General	$ 213,626	$ -	$ 30,000	$ -	$ (183,626)	$ -	$ (183,626)
Highways and Streets	42,107	-	-	-	(42,107)	-	(42,107)
Pension Plan Expense/(Revenue)	16,511	-	-	-	(16,511)	-	(16,511)
Total Governmental Activities	272,244	-	30,000	-	(242,244)	-	(242,244)
Business-type Activities:							
Water	123,774	86,841	-	-	-	(36,933)	(36,933)
Sewer	131,562	98,968	-	596,489	-	563,895	563,895
Sanitation	30,284	29,392	-	-	-	(892)	(892)
Pension Plan Expense/(Revenue)	16,215	-	-	-	-	(16,215)	(16,215)
Total Business-type Activities	301,835	215,201	-	596,489	-	509,855	509,855
Total Activities	$ 574,079	$ 215,201	$ 30,000	$ 596,489	(242,244)	509,855	267,611
General Revenues:							
Intergovernmental					143,131	-	143,131
Taxes					39,051	-	39,051
Franchise Fees					8,543	-	8,543
Licenses and Permits					2,012	-	2,012
Interest Earnings					19,077	22,218	41,295
Other Revenues					31,741	-	31,741
Total general revenues					243,555	22,218	265,773
Change in net position					1,311	532,073	533,384
Net position-beginning					927,501	1,998,379	2,925,880
Net position-ending					$ 928,812	$ 2,530,452	$ 3,459,264

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash & Investments	$ 666,859
Receivables:	
Accounts Receivable, net	(36)
Property Taxes	15,757
Interest	1,599
Due from Other Governments	29,782
Prepaid Expenses	156
Interfund Receivable	49,250
Total Assets	$ 763,367
LIABILITIES	
Accounts Payable	$ 14,301
Wages, Benefits, and Taxes Payable, net	8,304
Total Liabilities	22,605
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Taxes	14,518
Total Deferred Inflow of Resources	14,518
FUND BALANCES	
Non-Spendable:	
Prepaid Expenses	156
Committed:	
Capital Expenditures	142,634
Cemetery	38,324
City Park	14,603
Library Project	4,138
Equipment	101,116
Unassigned	425,273
Total Fund Balances	726,244
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	$ 763,367

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2024

Total fund balances at September 30, 2024 - Governmental Funds		$	726,244
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:			
Cost of capital assets at September 30, 2024	585,387		
Less accumulated depreciation	(364,564)		220,823
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and there fore, are not reported in the funds:			
Deferred outflows of resources - pension plan			11,009
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:			
Elimination of unavailable revenue - property taxes			14,518
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:			
Deferred inflows of resources - pension plan			(717)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:			
Compensated Absences	(3,571)		
Net Pension Asset/(Liability)	(39,494)		(43,065)
Net Position of governmental activities at September 30, 2024		$	928,812

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Combined Statement of Revenues, Expenditures, and Changes in Funds Balances - All Governmental Fund Types
Year Ended September 30, 2024

	General Fund
Revenues:	
Intergovernmental	$ 143,131
Taxes	38,829
Franchise Fees	8,543
Licenses and Permits	2,012
Interest Earnings	19,077
Grant Funds	30,000
Other	31,741
Total Revenues	273,333
Expenditures:	
General Government	203,748
Highways and Streets	33,546
Capital Expenditures	28,167
Total Expenditures	265,461
Excess of Revenues Over Expenditures	7,872
Other Financing Sources (Uses):	
Operating Transfers	-
Total Other Financing Sources (Uses)	-
Net Change in Fund Balances	7,872
Fund Balance - October 1	718,372
Fund Balance - September 30	$ 726,244

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Reconciliation of the
Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Changes in fund balances as reported on the governmental funds statements		$ 7,872
Increase in current property taxes not reflected in revenue on the governmental funds statements		222
Amounts reported as expenditures on the governmental funds statements not included as income on the government-wide statements:		
Capital outlay	28,167	
Total expenditures on the governmental fund statements not included on the government-wide statements		28,167
Expenses on the government-wide statement of activity not included on the governmental funds statements:		
Depreciation	(25,238)	
(Increase)/decrease in compensated absences	801	
Increase in pension plan expense/revenue	(16,511)	
Decrease in PERSI contributions	5,998	
Total expenses on the government-wide statement of activity not included on the governmental funds statements:		(34,950)
Change in net position on the government-wide statements		$ 1,311

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Statement of Net Position
Proprietary Funds
September 30, 2024

	Water Fund	Sewer Fund	Sanitation Fund	Total
A S S E T S				
CURRENT ASSETS:				
Cash & Investments	$ 26,222	$ 397,167	$ 26,837	$ 450,226
Interest Receivable	279	1,484	132	1,895
Accounts Receivable (net)	10,611	21,233	3,563	35,407
Prepaid Expenses	156	156	52	364
Total Current Assets	37,268	420,040	30,584	487,892
NONCURRENT ASSETS:				
Construction in Progress	-	878,192	-	878,192
Capital Assets, net	258,773	1,688,401	30,343	1,977,517
Total Capital Assets	258,773	2,566,593	30,343	2,855,709
TOTAL ASSETS	296,041	2,986,633	60,927	3,343,601
D E F E R R E D O U T F L O W S O F R E S O U R C E S				
Pension Plan	7,413	5,937	5,937	19,287
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,413	5,937	5,937	19,287
L I A B I L I T I E S				
CURRENT LIABILITIES:				
Accounts Payable	748	9,969	251	10,968
Wages, Benefits, and Taxes Payable, net	2,396	2,736	804	5,936
Utility Deposits	35,429	-	-	35,429
Interfund Payable	-	49,250	-	49,250
Current Portion of Long Term Debt	-	13,929	-	13,929
Total Current Liabilities	38,573	75,884	1,055	115,512
NONCURRENT LIABILITIES:				
Net Pension Liability	26,590	21,298	21,298	69,186
USDA Revenue Bonds	-	646,481	-	646,481
Total Noncurrent Liabilities	26,590	667,779	21,298	715,667
TOTAL LIABILITIES	65,163	743,663	22,353	831,179
D E F E R R E D I N F L O W S O F R E S O U R C E S				
Pension Plan	483	387	387	1,257
TOTAL DEFERRED INFLOWS OF RESOURCES	483	387	387	1,257
N E T P O S I T I O N				
Net Investment in Capital Assets	258,773	1,906,183	30,343	2,195,299
Restricted, Capital Investments	-	-	-	-
Unrestricted	(20,965)	342,337	13,781	335,153
Total Net Position	$ 237,808	2,248,520	44,124	$ 2,530,452

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2024

	Water Fund	Sewer Fund	Sanitation Fund	Total
Operating Revenues:				
Charges for Services	$ 85,116	$ 97,002	$ 28,808	$ 210,926
Hookups & Other	1,725	1,966	584	4,275
Total Operating Revenues	86,841	98,968	29,392	215,201
Operating Expenses:				
Administrative	47,972	34,698	20,711	103,381
Maintenance & Operations	38,741	1,194	393	40,328
Utilities	21,728	7,239	4,517	33,484
Depreciation	15,333	73,854	4,663	93,850
Bad Debts	-	-	-	-
Pension Plan Expense	6,241	4,987	4,987	16,215
Total Operating Expenses	130,015	121,972	35,271	287,258
Operating Income (Loss)	(43,174)	(23,004)	(5,879)	(72,057)
Non-Operating Revenues (Expenses):				
Interest Income	3,412	17,257	1,549	22,218
Interest Expense	-	(14,577)	-	(14,577)
Grant Income	-	596,489	-	596,489
Total Non-Operating Revenue (Expenses)	3,412	599,169	1,549	604,130
Income Before Capital Contributions and Transfers	(39,762)	576,165	(4,330)	532,073
Capital Contributions	-	-	-	-
Transfers	-	-	-	-
Change in Net Position	(39,762)	576,165	(4,330)	532,073
Net Position - Beginning of year	277,570	1,672,355	48,454	1,998,379
Net Position - Ending of year	$ 237,808	$ 2,248,520	$ 44,124	$ 2,530,452

See accompanying notes to financial statements and independent auditors' report.

CITY OF WORLEY
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2024

	Proprietary Fund Types			
	Water Fund	Sewer Fund	Sanitation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers and Users	$ 83,439	$ 164,645	$ 27,448	$ 275,532
Payments to Employees	(44,031)	(32,068)	(21,918)	(98,017)
Payments to Suppliers	(64,928)	(87,803)	(7,323)	(160,054)
Net Cash from Operating Activities	(25,520)	44,774	(1,793)	17,461
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund balances	-	31,465	-	31,465
Net Cash from Noncapital Financing Activities	-	31,465	-	31,465
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital grant contributions	-	672,802	-	672,802
Payments for capital acquisitions	-	(596,486)	-	(596,486)
Repayment of long term debt	-	(13,634)	-	(13,634)
Interest on long term debt	-	(14,577)	-	(14,577)
Net Cash from Capital and Related Financing Activities	-	48,105	-	48,105
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	3,411	17,146	1,534	22,091
Net Cash Provided by Investing Activities	3,411	17,146	1,534	22,091
Net Increase/(Decrease) in Cash and Cash Equivalents	(22,109)	141,490	(259)	119,122
Cash and Cash Equivalents, October 1	48,331	255,677	27,096	331,104
Cash and Cash Equivalents, September 30	$ 26,222	$ 397,167	$ 26,837	$ 450,226
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income (Loss)	$ (43,174)	$ (23,004)	$ (5,879)	$ (72,057)
Adjustments to Reconcile to Cash Flow:				
Depreciation	15,333	73,854	4,663	93,850
(Increase) Decrease in Accounts Receivables	(5,052)	65,677	(1,944)	58,681
(Increase) Decrease in Prepaid Expenses	5,128	33	11	5,172
Increase (Decrease) in Accounts Payable	(880)	(73,075)	(223)	(74,178)
Increase (Decrease) in Payroll, Benefits, and Taxes Payable	1,475	1,289	1,579	4,343
Increase (Decrease) in Utility Deposits	1,650	-	-	1,650
Total Adjustments	17,654	67,778	4,086	89,518
Net Cash Provided/(Used) by Operating Activities	$ (25,520)	$ 44,774	$ (1,793)	$ 17,461

See accompanying notes to financial statements and independent auditors' report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Worley, Idaho (the City) was created in 1947 and operates under a mayor-council form of government. The City's major operations include street improvements and maintenance, municipal water, sewer, garbage and general and administrative services.

Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basis, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility.

The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used to evaluation potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units that should be included in the City's financial statements.

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

Fund Accounting

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The City has one governmental fund:

> *General Fund* – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the State of Idaho.

Fund Accounting – (continued)

Proprietary Funds – Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

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

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

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

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. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Government-Wide and Fund Financial Statements

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are 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 presents a comparison between direct and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges 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 received for a specific purpose and classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category-*governmental, and proprietary* are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

Government-Wide and Fund Financial Statements – (continued)
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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Measurement Focus, Basis of Accounting
Government-wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Assets, Liabilities, and Deferred Outflows/Inflows or Resources, and Net Position/Fund Balance

Deposits and Investments
The cash balances of substantially all funds are pooled and invested by the City Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30, 2024, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Investments." Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

Cash and Cash Equivalents
For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

The City considers cash and cash equivalents in enterprise funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

Receivables and Payables
All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance for uncollectibles for the proprietary funds was $4,930 as of September 30, 2024. Allowance for uncollectibles for the general fund was $0 as of September 30, 2024.

Receivables for State Highway User's Tax, State Liquor, and State Revenue Sharing are recorded as revenue in the general fund.

The City records proprietary fund charges as earned, not when collected.

Property Tax Calendar
Property taxes are levied on the third Monday of September and attach as an enforceable lien on property. They are payable in two installments on December 20 of the current year and June 20 of the next calendar year. The taxes are collected and remitted to the City by Kootenai County.

Inventories and Prepaid Items
The City has adopted the purchase method for recording and classifying material and supply purchases. Under this method, purchases of materials and supplies are recognized as expenditures when the goods are received and the transaction is vouchered. Because on hand materials and supplies of the City are not considered significant, no amount is reflected on the balance sheet and no portion of fund balance is reserved. Prepaid expenses displayed on the balance sheet and shown as non-spendable fund balance are made up of various insurances.

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

Capital Assets
Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. In connection with implementation of GASB Statement No. 34, the City established a threshold of $1,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated lives:

Asset Class	Estimated Useful Lives
Buildings	25 - 40
Equipment	5 - 15
Furniture and fixtures	7
Vehicles	5 - 7
Water and sewer system	5 - 50

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

Pensions
For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from 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.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item, pension plan, reported in the government-wide statement of net position, which qualifies for reporting in this category at this time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items. One item, unavailable property taxes, is reported in the governmental funds balance sheet. The other item, pension plan, is reported in the government-wide statement of net position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund, when due, or when resources have been accumulated in the general fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is maintained separately and represents a reconciling item between the fund and government-wide presentation.

Interfund Transactions
Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subjected to elimination upon consolidation and are referred to as “interfund receivables and payables” for short-term interfund loans. Long-term interfund loans are reported as “advances from and to other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers
Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Net Position Flow Assumptions

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a committed (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes by do not meet the criteria to be classified as committed. The council may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund balances are classified as follows:

Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the budget reserve account.

Assigned—Amounts that are designated by the Council for a specific purpose but are not spendable until a budget ordinance is passed by the City Council.

Unassigned—All amounts not included in other spendable classifications.

NOTE 2 - CASH AND INVESTMENTS

General

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

Custodial credit risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss. As of September 30, 2024, the City's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:		
Amount insured by FDIC or other agencies	$	271,123
Total deposits without exposure to custodial credit risk		271,123
Deposits with exposure to custodial credit risk:		
Amount collateralized with securities held in trust, but not in City's name		796,755
Amounts uninsured-exposed to custodial credit risk		83,858
Total deposits with exposure to custodial credit risk		880,613
Total bank balance (deposits)	$	1,151,736
The carrying amount is displayed as follows in the financial statements:		
Statement of net position		
Cash and investments		1,117,085
Restricted cash and investments		-
	$	1,117,085
Cash and investments at September 30, 2024, consist of the following:		
Cash		
Deposits with financial institutions	$	320,330
Petty cash on hand		200
Cash equivalents		
Deposits with Idaho state investment pool		796,555
	$	1,117,085

State Investment Pool

Investments in 2a7-like pools are valued based upon the value of pool shares. The City invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. GASB Statement No. 3 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. The Pool has not been assigned a risk category since the City is not issued securities, but rather it owns an undivided beneficial interest in the assets of the Pool.

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State Investment Pool – (continued)

The Pool is not registered with the Securities and Exchange Commission or any other regulatory body nor is any balances insured by the Federal Deposit Insurance Corporation. Financial reports are available from the Idaho State Treasurer's Office upon request.

The balances above that the City has in the State Investment Pool are carried at amortized cost, which is permitted pursuant to GASB 31, and calculated on a monthly basis. The City's portion of the State Investment Pool had an unrealized gain of $2,071 as of September 30, 2024, which has not been reflected in the financial statements.

State statutes authorize the City to invest in U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pools, and money market funds consisting of any of these securities listed. No unauthorized investment transactions were carried out by the City during the year.

Investments

GASB Statement No. 40 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The short-term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

NOTE 3 – RECEIVABLES

The following is a schedule of property taxes assessed for the year, collected, and remaining to be received.

Balance 9/30/23	Levy 2023	Adjustments & Collections	Balance 9/30/24
$ 15,044	$ 35,549	$ 34,836	$ 15,757

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as deferred revenue. The balance as of September 30, 2024 is as follows:

Taxes due at September 30, 2024	$ 15,757
Received October 2024	(1,182)
Received November 2024	(57)
Total	$ 14,518

The analysis of due from other governments is as follows:

GENERAL FUND	
State Revenue Sharing	$ 7,332
State Liquor	17,891
Franchise Fees	1,566
Highway Users	2,993
Total	$ 29,782

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NOTE 4 - CAPITAL ASSETS

Governmental capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Governmental Activities				
Capital assets being depreciated:				
Buildings and Improvements	$ 289,580	$ -	$ -	$ 289,580
Furniture and Fixtures	10,994	-	-	10,994
Equipment	125,691	28,167	-	153,858
Infrastructure	130,954	-	-	130,954
Total capital assets being depreciated	557,219	28,167	-	585,386
Less accumulated depreciation for:				
Buildings and Improvements	136,115	8,603	-	144,718
Furniture and Fixtures	8,418	1,030	-	9,448
Equipment	111,074	7,044	-	118,118
Infrastructure	83,718	8,561	-	92,279
Total accumulated depreciation	339,325	25,238	-	364,563
Total governmental activities capital assets, net	$ 217,894	$ 2,929	$ -	$ 220,823

Depreciation expense was charged to functions/program as follows:

Governmental Activities:	
General Government	$ 16,678
Highways and Streets	8,560
Total Depreciation	$ 25,238

Proprietary capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Business-Type Activities				
Capital assets not being depreciated:				
Sewer system construction in progress	$ 281,706	$ 596,486	$ -	$ 878,192
Total capital assets being depreciated	281,706	596,486	-	878,192
Capital assets being depreciated:				
Water system, buildings, land and equip.	$ 617,470	$ -	$ -	$ 617,470
Sewer system, buildings, land and equip.	2,670,690	-	-	2,670,690
Sanitation system, buildings, land and equip.	106,022	-	-	106,022
Total capital assets being depreciated	3,394,182	-	-	3,394,182
Less accumulated depreciation for:				
Water system, buildings, land and equip.	343,365	15,333	-	358,698
Sewer system, buildings, land and equip.	908,434	73,854	-	982,288
Sanitation system, buildings, land and equip.	71,016	4,663	-	75,679
Total accumulated depreciation	1,322,815	93,850	-	1,416,665
Total business-type activities capital assets, net	$ 2,353,073	$ 502,636	$ -	$ 2,855,709

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Depreciation expense was charged to functions/program as follows:

Business-type activities:		
Water	$	15,333
Sewer		73,854
Sanitation		4,663
Total Depreciation	$	93,850

Because the City is a Phase 3 government (governments with total annual revenues of less than $10 million), the City is encouraged but not required to report major infrastructure assets retroactively. The City has not yet made a determination as to whether or not to record infrastructure assets retroactively.

NOTE 5 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance. Commercial insurance policies are purchased for health insurance. Coverage for the loss or damage to property and professional liability insurance is provided by the Idaho Counties Risk Management Program (ICRMP).

ICRMP provides general liability, property insurance, and public officials' insurance. The City, along with other participating entities, contributes annual amounts determined by ICRMP management. As claims arise they are submitted to and paid by ICRMP. There were no significant reductions in insurance coverage from the prior year.

The City's workman's compensation coverage is provided by the Idaho State Insurance Fund.

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2017A Sewer Bond	$ 471,442	-	9,602	461,840	$ 9,806
2017B Sewer Bond	202,602	-	4,032	198,570	4,123
Net Pension Liability/(Asset)	112,400	-	3,720	108,680	-
	786,444	-	17,354	769,090	$ 13,929

2017A Sewer Revenue Bond – USDA Loan

During 2017 the City was the recipient of a $525,000 loan through the United States Department of Agriculture. Repayment terms are 40 years at 2.125% with annual payments.

Presented below is a summary of debt service requirement to maturity by years:

Year Ending September 30	Principal	Interest	Total
2025	9,806	9,814	19,620
2026	10,014	9,606	19,620
2027	10,227	9,393	19,620
2028	10,443	9,177	19,620
2029	10,666	8,954	19,620
2030-2034	56,830	41,270	98,100
2035-2039	63,130	34,970	98,100
2040-2044	70,129	27,971	98,100
2045-2049	77,903	20,197	98,100
2050-2054	86,540	11,560	98,100
2055-2057	56,152	2,708	58,860
	$ 461,840	$ 185,620	$ 647,460

2017B Sewer Revenue Bond – USDA Loan

During 2017 the City was the recipient of a $225,000 loan through the United States Department of Agriculture. Repayment terms are 40 years at 2.25% with annual payments. Presented below is a summary of debt service requirement to maturity by years:

Year Ending September 30	Principal	Interest	Total
2025	4,123	4,468	8,591
2026	4,216	4,375	8,591
2027	4,311	4,280	8,591
2028	4,408	4,183	8,591
2029	4,507	4,084	8,591
2030-2034	24,102	18,853	42,955
2035-2039	26,939	16,016	42,955
2040-2044	30,109	12,846	42,955
2045-2049	33,652	9,303	42,955
2050-2054	37,612	5,343	42,955
2055-2057	24,591	1,182	25,773
	$ 198,570	$ 84,933	$ 283,503

NOTE 7 – PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters.

As of June 30, 2024 the employee rate was 6.71% for general employees and 9.83% for police and firefighters. As of July 1, 2024, the employee rate increased to 7.18% for general employees and increased to 10.83% for police and firefighters.

The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters during the period July 1, 2023, through June 30, 2024. As of July 1, 2024 the employer rates for general employees increased to 11.96% and increased for police and firefighters to 14.65%.

The City’s contributions were $16,508 for the year ended September 30, 2024.

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

At September 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on the District’s share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District’s proportion was 0.00290533%.

For the year ended September 30, 2024, the City recognized pension expense of $32,726. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,304	$ -
Changes in assumptions or other inputs	4,305	-
Net difference between projected and actual earnings on pension plan investments	-	1,974
Change in the City's proportion and differences between the City's contributions and the City's proportionate contributions	4,309	-
City's contributions subsequent to the measurement date	4,378	-
Total	$ 30,296	$ 1,974

$4,378 was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

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

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

Year ended September 30:	
2025	$ 7,155
2026	21,695
2027	(2,615)
2028	(2,293)

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	3.05%
Salary inflation	3.05%
Investment rate of return	6.35% - net of investment expenses
Cost-of-living adjustments	1.00%

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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 July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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

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

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	$ 206,522	$ 108,680	$ 28,764

Pension plan fiduciary net position

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

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

Payables to the pension plan

At September 30, 2024, the City reported payables to the defined benefit pension plan of $1,457.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WORLEY
Schedule of City's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
City's portion of the net pension liability	0.0029053%	0.0028166%	0.0026117%	0.0026534%	0.0025091%	0.0028018%	0.0025782%	0.0029685%	0.0032056%	0.0032594%
City's proportionate share of the net pension liability/(asset)	$ 108,680	$ 112,400	$ 102,868	$ (2,096)	$ 58,264	$ 31,982	$ 38,028	$ 46,661	$ 64,981	$ 42,921
City's covered-employee payroll	$ 146,218	$ 126,005	$ 103,982	$ 101,348	$ 95,063	$ 92,437	$ 89,134	$ 89,594	$ 93,830	$ 91,601
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	74.33%	89.20%	98.93%	-2.07%	61.29%	34.60%	42.66%	52.08%	69.25%	46.86%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

Data reported is measured as of June 30, 2024

Schedule of City's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Statutorily required contribution	$ 18,898	$ 12,302	$ 12,094	$ 10,476	$ 9,844	$ 10,721	$ 10,012	$ 10,010	$ 9,529	$ 10,662
Contributions in relation to the statutorily required contribution	$ (16,107)	$ (14,472)	$ (12,442)	$ (11,965)	$ (10,805)	$ (10,929)	$ (9,517)	$ (10,579)	$ (10,758)	$ (10,471)
Contribution (deficiency) excess	$ 2,790	$ (2,171)	$ (349)	$ (1,489)	$ (961)	$ (208)	$ 495	$ (569)	$ (1,229)	$ 191
City's covered-employee payroll	$ 146,218	$ 126,005	$ 103,982	$ 101,348	$ 95,063	$ 92,437	$ 89,134	$ 89,594	$ 93,830	$ 91,601
Contributions as a percentage of covered-employee payroll	11.02%	11.49%	11.97%	11.81%	11.37%	11.82%	10.68%	11.81%	11.47%	11.43%

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

Data reported is measured as of June 30, 2024

See independent auditors' report.

CITY OF WORLEY
Schedule of Revenue, Expenditures, and Changes in Fund Balances
Budget and Actual - All Governmental Fund Types
Year Ended September 30, 2024

	General Fund		
	Original Budget	Final Budget	Actual
Revenues:			
Intergovernmental	$ 150,895	$ 150,895	$ 143,131
Taxes	38,061	38,061	38,829
Licenses and Permits	7,850	7,850	8,543
Franchise Fees	500	500	2,012
Interest Earnings	3,400	3,400	19,077
Grand Funds	-	-	30,000
Other	46,600	46,600	31,741
Total Revenues	247,306	247,306	273,333
Expenditures:			
General Government	214,406	214,406	203,748
Highways and Streets	32,900	32,900	33,546
Capital Expenditures	-	-	28,167
Total Expenditures	247,306	247,306	265,461
Excess (Deficiency) of Revenues Over Expenditures	-	-	7,872
Other Financing Sources (Uses):			
Operating Transfers	-	-	-
Net Other Financing Sources (Uses)	-	-	-
Net change in fund balances	-	-	7,872
Fund Balance - October 1	718,372	718,372	718,372
Fund Balance - September 30	$ 718,372	$ 718,372	$ 726,244

See accompanying notes to the budget and actual schedule and independent auditors' report.

CITY OF WORLEY
Notes to the Budget and Actual Schedule
September 30, 2024

Annual operating budgets are adopted each fiscal year for each governmental and proprietary fund through passage of an annual budget ordinance. The budget is prepared on a basis consistent with the basis of accounting utilized for each respective fund type (i.e. the modified accrual basis for the governmental funds and accrual basis for the proprietary funds) with the exception that in the proprietary funds, capitalization fees are budgeted as a revenue source, bond principal payments and capital disbursements are budgeted as expenses, and depreciation is not budgeted. A preliminary budget is prepared in July, budget hearings are held, and the final budget was adopted in August 2023. There were no budget amendments to the fiscal year 2024 budget.

Obligations under capital leases are budgeted in each of the respective funds on a fiscal year basis. Each capital lease agreement has a non-appropriation clause, which generally states that each fiscal year's lease payments are subject to City Council approval. The lease payment appropriations are included in the operating budget.

The adopted budget constitutes the appropriations for the City and is the maximum limit of expenditures in each budgeted fund. Any changes in the total budget of each fund must be approved by a majority vote of the City Council. The adopted budget may be amended for emergencies and other matters as provided by State law. The original and amended budgets, if applicable, were properly approved by ordinance during the fiscal year. Appropriations lapse at September 30, except those expenditures made prior to October 30 for appropriations of the preceding fiscal year may be charged to that fiscal year. There City's general fund overspent their budget by approximately $18,155 during fiscal year 2024.

See independent auditors' report.

REPORT REQUIRED BY GAO

INDEPENDENT AUDITORS' 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*

Mayor and City Council
City of Worley, 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 Worley, Idaho as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Worley, Idaho's basic financial statements and have issued our report thereon dated February 4, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
February 4, 2025