# CITY OF HAGERMAN
# HAGERMAN, IDAHO
# ANNUAL FINANCIAL REPORT
# SEPTEMBER 30, 2024

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**ANNUAL FINANCIAL REPORT**
**SEPTEMBER 30, 2024**

## TABLE OF CONTENTS


| | |
|---|---|
| Independent Auditor's Report | 1 - 2 |
| Statement of Net Position | 4 - 7 |
| Statement of Activities | 8 - 9 |
| Balance Sheet | 10 - 11 |
| Statement of Revenues, Expenditures and Changes in Fund Balance | 12 - 13 |
| Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities | 14 |
| Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 15 |
| Statement of Net Position - Proprietary Fund | 16 - 17 |
| Statement of Revenues, Expenses, and Changes in Net Position | 18 |
| Statement of Cash Flows - Proprietary Fund | 19 - 20 |
| Notes to Basic Financial Statements | 21 - 42 |
| Required Supplementary Information | 43 |
| Budgetary Comparison Schedule - | |
| General Fund | 44 |
| Street Fund | 45 |
| Library Fund | 46 |
| Recreation Fund | 47 |
| Schedule of Employer's Share of Net Pension Liability | 48 |
| Schedule of Employer's Contributions | 48 |
| Notes to Required Supplementary Information | 49 - 50 |
| Supplemental Information | 51 |
| Schedule of Expenditures of Federal Awards | 52 - 53 |
| Report on Compliance and Internal Control | 54 - 55 |
| Report on Compliance with Major Programs | 56 - 57 |
| Schedule of Findings and Questioned Costs | 58 - 61 |
| Summary Schedule of Prior Audit Findings | 62 |
| Corrective Action Plan | 63 |

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# INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Hagerman
Hagerman, Idaho 83332

January 15, 2025

**Report on the Audit of the Financial Statements**
**Opinions**

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

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

***Basis for Opinions***

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Hagerman and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Hagerman'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***

My 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 my 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*, I:

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

I am 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 I identified during the audit.

**Required Supplementary Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability and schedule of employer's contribution, as listed in the table of contents 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hagerman's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with G*overnment Auditing Standards* , I have also issued my report dated January 15, 2025, on my consideration of the City of Hagerman's internal control over financial reporting and on my 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 my 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 Hagerman'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 Hagerman's internal control over financial reporting and compliance

*R. Michael Burr*

R. Michael Burr
Certified Public Accountant

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2024**

| | Governmental Activities | |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | $ 122,968 | |
| Restricted - Cash and Cash Equivalents | 182,535 | |
| Investments | 521,139 | |
| Restricted - Investments | 452,075 | |
| Inventory | 7,180 | |
| Net Receivables | 54,818 | |
| TOTAL CURRENT ASSETS | | $ 1,340,715 |
| NONCURRENT ASSETS | | |
| Long-Term Receivables | $ 10,966 | |
| Restricted - Investments | | |
| Non-depreciated Assets | | |
| Intangible Lease Asset (net) | 8,553 | |
| Depreciated Assets (net) | 546,436 | |
| TOTAL NONCURRENT ASSETS | | 565,955 |
| TOTAL ASSETS | | 1,906,670 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension Obligations | $ 22,086 | |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | | 22,086 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | $ 41,063 | |
| Payroll Payable | 4,279 | |
| Unearned Revenue | | |
| Accrued Interest Payable | | |
| Current Portion of Long-term Debt | 2,238 | |
| TOTAL CURRENT LIABILITIES | | 47,580 |
| NONCURRENT LIABILITIES | | |
| Net Pension Liability | $ 100,124 | |
| Lease Asset Payable (net current portion) | 8,042 | |
| Bond Payable (net current portion) | | |
| Note Payable (net current portion) | | |
| TOTAL NONCURRENT LIABILITIES | | 108,166 |
| TOTAL LIABILITIES | | 155,746 |

| Business-type Activities | | Total | |
|---|---|---|---|
| $ 48,598 | | $ 171,566 | |
| | | 182,535 | |
| 1,333,020 | | 1,854,159 | |
| | | 452,075 | |
| | | 7,180 | |
| 55,110 | | 109,928 | |
| | $ 1,436,728 | | $ 2,777,443 |
| | | $ 10,966 | |
| $ 303,017 | | 303,017 | |
| 4,156,401 | | 4,156,401 | |
| | | 8,553 | |
| 7,429,514 | | 7,975,950 | |
| | 11,888,932 | | 12,454,887 |
| | 13,325,660 | | 15,232,330 |
| $ 26,607 | | 48,693 | |
| | 26,607 | | 48,693 |
| $ 10,765 | | $ 51,828 | |
| 633 | | 4,912 | |
| 1,477 | | 1,477 | |
| 1,423 | | 1,423 | |
| 106,940 | | 109,178 | |
| | 121,238 | | 168,818 |
| $ 120,618 | | 220,742 | |
| | | 8,042 | |
| 2,083,334 | | 2,083,334 | |
| 3,517,207 | | 3,517,207 | |
| | 5,721,159 | | 5,829,325 |
| | 5,842,397 | | 5,998,143 |

Continued

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF NET POSITION**
**SEPTEMBER 30, 2024**

| | Governmental Activities | |
|---|---|---|
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension Sources | $ 0 | |
| TOTAL DEFERRED INFLOWS OF RESOURCES | | 0 |
| NET POSITION | | |
| Invested in Capital Assets, net of related debt | $ 544,709 | |
| Restricted for: | | |
| Street Projects | 575,241 | |
| Library | 48,231 | |
| Park | 45,626 | |
| Debt | | |
| Unrestricted | 559,203 | |
| TOTAL NET POSITION | | $ 1,773,010 |

See accompanying notes to the basic financial statements

| Business-type Activities | | Total | |
|---|---|---|---|
| $ 0 | | 0 | |
| | 0 | | 0 |
| $ 7,948,090 | | $ 8,492,799 | |
| | | 575,241 | |
| | | 48,231 | |
| | | 45,626 | |
| 303,017 | | 303,017 | |
| (741,237) | | (182,034) | |
| | $ 7,509,870 | | $ 9,282,880 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| Primary Government Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Governmental Activities: | | | | |
| Administration | $ 107,568 | | | |
| Building Inspection | 1,549 | $ 11,811 | | |
| Police Department | 140,298 | | | |
| Animal Control | 24,770 | | | |
| Waste Collection | 33,788 | 69,497 | | |
| Street Maintenance | 187,252 | | $ 93,072 | |
| Library Services | 52,752 | 3,825 | 5,536 | |
| Recreational/Park Services | 16,663 | | | |
| Community Service | 181,871 | | | $ 182,650 |
| Debt Service - Interest on Debt | 538 | | | |
| Total Governmental Activities | 747,049 | 85,133 | 98,608 | 182,650 |
| Business-Type Activities | | | | |
| Waterworks | 275,469 | 273,037 | | 56,656 |
| Sewer | 499,477 | 415,891 | | |
| Total Business-Type Activities | 774,946 | 688,928 | 0 | 56,656 |
| Total Primary Government | $ 1,521,995 | $ 774,061 | $ 98,608 | $ 239,306 |
| General Revenue | | | | |
| Property Taxes | | | | |
| Other Tax Revenue | | | | |
| State Programs/Revenue | | | | |
| Court Fines | | | | |
| Other Revenue | | | | |
| Lease Revenue | | | | |
| Investment Earnings | | | | |
| Total General Revenue | | | | |
| Changes in Net Position | | | | |
| Net Position - Beginning (Restated) | | | | |
| Net Position - Ending | | | | |

See accompanying notes to the basic financial statements

| Net (Expense) Revenue and Changes in Net Assets | | |
|---|---|---|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| $ (107,568) | | $ (107,568) |
| 10,262 | | 10,262 |
| (140,298) | | (140,298) |
| (24,770) | | (24,770) |
| 35,709 | | 35,709 |
| (94,180) | | (94,180) |
| (43,391) | | (43,391) |
| (16,663) | | (16,663) |
| 779 | | 779 |
| (538) | | (538) |
| (380,658) | | (380,658) |
| | $ 54,224 | 54,224 |
| | (83,586) | (83,586) |
| 0 | (29,362) | (29,362) |
| (380,658) | (29,362) | (410,020) |
| 240,894 | | 240,894 |
| 24,714 | | 24,714 |
| 166,625 | | 166,625 |
| 3,915 | | 3,915 |
| 3,295 | | 3,295 |
| | 15,200 | 15,200 |
| 47,855 | 80,972 | 128,827 |
| 487,298 | 96,172 | 583,470 |
| 106,640 | 66,810 | 173,450 |
| 1,666,370 | 7,443,060 | 9,109,430 |
| $ 1,773,010 | $ 7,509,870 | $ 9,282,880 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**SEPTEMBER 30, 2024**

| | General Fund | Street Fund |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | $ 122,968 | |
| Restricted - Cash | | $ 160,680 |
| Investments | 521,139 | |
| Restricted - Investments | | 383,981 |
| Property Taxes Receivable | 6,663 | 2,938 |
| Due From Other Funds | 1,218 | |
| Accounts Receivable | 5,728 | |
| Due From Other Governments | 21,169 | 26,798 |
| TOTAL ASSETS | $ 678,885 | $ 574,397 |
| LIABILITIES | | |
| Accounts Payable | $ 38,583 | $ 1,047 |
| Due to Other Funds | | |
| Payroll Payable | 4,135 | 144 |
| TOTAL LIABILITIES | 42,718 | 1,191 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Inflows from Property Taxes | 6,044 | 2,665 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 6,044 | 2,665 |
| FUND BALANCES | | |
| Restricted - Street Fund | | 570,541 |
| Restricted - Library Fund | | |
| Restricted - Park Fund | | |
| Unassigned | 630,123 | |
| TOTAL FUND BALANCES | 630,123 | 570,541 |
| TOTAL LIABILITIES, DEFERRED INFOWS, AND FUND BALANCES | $ 678,885 | $ 574,397 |

See accompanying notes to the basic financial statements

| Library Fund | Park Fund | Total Governmental Funds |
|---|---|---|
| | | $ 122,968 |
| $ 100 | $ 21,755 | 182,535 |
| | | 521,139 |
| 48,285 | 19,809 | 452,075 |
| 1,321 | 1,167 | 12,089 |
| | | 1,218 |
| | | 5,728 |
| | | 47,967 |
| $ 49,706 | $ 42,731 | $ 1,345,719 |
| $ 257 | $ 1,176 | $ 41,063 |
| 1,218 | | 1,218 |
| | | 4,279 |
| 1,475 | 1,176 | 46,560 |
| 1,199 | 1,058 | 10,966 |
| 1,199 | 1,058 | 10,966 |
| | | 570,541 |
| 47,032 | | 47,032 |
| | 40,497 | 40,497 |
| | | 630,123 |
| 47,032 | 40,497 | 1,288,193 |
| $ 49,706 | $ 42,731 | $ 1,345,719 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | General Fund | Street Fund |
|---|---|---|
| REVENUES | | |
| Property Taxes | $ 143,561 | $ 42,617 |
| Property Tax Replacement | 3,200 | |
| City Highway Tax | | 21,514 |
| License, Permits and Fees | 5,310 | |
| State Revenue | 87,312 | 148,810 |
| Building Inspection | 11,811 | |
| Court Fines | 3,915 | |
| Grant Revenue | 182,650 | |
| Garbage Collection | 69,497 | |
| Franchise Fees | 1,417 | 11,606 |
| Other Revenue | 5,288 | 204 |
| TOTAL REVENUES | 513,961 | 224,751 |
| EXPENDITURES | | |
| Administration | 91,958 | |
| Police Enforcement | 140,298 | |
| Building Inspection | 1,549 | |
| Animal Control | 24,770 | |
| Waste Collection | 33,788 | |
| Street Maintenance | | 174,534 |
| Library Services | | |
| Recreational/Park Services | | |
| Community Service | 181,871 | |
| TOTAL EXPENDITURES | 474,234 | 174,534 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | 39,727 | 50,217 |
| OTHER FINANCING SOURCES (USES) | | |
| Investment Revenue | 25,823 | 18,040 |
| TOTAL OTHER FINANCING SOURCES (USES) | 25,823 | 18,040 |
| EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES | 65,550 | 68,257 |
| FUND BALANCE - BEGINNING | 564,573 | 502,284 |
| FUND BALANCE - ENDING | $ 630,123 | $ 570,541 |

See accompanying notes to the basic financial statements

| Library Fund | Park Fund | Total Governmental Funds |
|---|---|---|
| $ 28,766 | $ 25,950 | $ 240,894 |
| | | 3,200 |
| | | 21,514 |
| | | 5,310 |
| | | 236,122 |
| | | 11,811 |
| | | 3,915 |
| 5,536 | | 188,186 |
| | | 69,497 |
| | | 13,023 |
| 3,825 | 1,475 | 10,792 |
| 38,127 | 27,425 | 804,264 |
| | | 91,958 |
| | | 140,298 |
| | | 1,549 |
| | | 24,770 |
| | | 33,788 |
| | | 174,534 |
| 48,598 | | 48,598 |
| | 16,663 | 16,663 |
| | | 181,871 |
| 48,598 | 16,663 | 714,029 |
| (10,471) | 10,762 | 90,235 |
| 2,968 | 1,024 | 47,855 |
| 2,968 | 1,024 | 47,855 |
| (7,503) | 11,786 | 138,090 |
| 54,535 | 28,711 | 1,150,103 |
| $ 47,032 | $ 40,497 | $ 1,288,193 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**
**SEPTEMBER 30, 2024**

| | | |
|---|---|---|
| Total Governmental Fund Balances | | $ 1,288,193 |
| Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balances, $0 non-depreciable assets, $21,381 of intangible lease assets net of accmulated aortization of $12,828, and $1,209,451 of depreciable assets net of accumulated depreciation of $675,843. | $ 554,989 | |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | 10,966 | |
| Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements. | 7,180 | |
| Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements. | 0 | |
| Amounts resulting from pension liabilities as a result of GASB 68 are not recorded in the fund statements: | | |
| -Deferred Outflows Pension Obligations | 22,086 | |
| -Deferred Inflows Pension Sources | 0 | |
| -Net Pension Liability | (100,124) | |
| Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Intangible Lease Payable | (10,280) | |
| Net Changes | | 484,817 |
| Net Position of Governmental Activities | | $ 1,773,010 |

See accompanying notes to the basic financial statements

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | | |
|---|---|---|
| Net Change in Fund Balances - Governmental Fund Balances | | $ 138,090 |
| Amounts Reported for Governmental Activities in the Statement of Activities are Different Because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | |
| - Depreciation | $ (26,574) | |
| - Capital Outlay | 0 | |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 1,570 | |
| Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. | (8,581) | |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. | 2,135 | |
| Net Changes | | (31,450) |
| Change in Net Position of Governmental Activities | | $ 106,640 |

See accompanying notes to the basic financial statements

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**SEPTEMBER 30, 2024**

| | Waterworks | Sewer | Total |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | $ 214 | $ 48,384 | $ 48,598 |
| Investments | 803,490 | 529,530 | 1,333,020 |
| Net Receivables | 23,538 | 31,572 | 55,110 |
| TOTAL CURRENT ASSETS | 827,242 | 609,486 | 1,436,728 |
| NONCURRENT ASSETS | | | |
| Restricted Investments | 0 | 303,017 | 303,017 |
| Non-depreciated Assets | 166,217 | 3,990,184 | 4,156,401 |
| Capital Assets (net) | 496,836 | 6,932,678 | 7,429,514 |
| TOTAL NONCURRENT ASSETS | 663,053 | 11,225,879 | 11,888,932 |
| TOTAL ASSETS | 1,490,295 | 11,835,365 | 13,325,660 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Obligations | 12,923 | 13,684 | 26,607 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 12,923 | 13,684 | 26,607 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 3,800 | 6,965 | 10,765 |
| Interfund Payable | 5,595 | (5,595) | 0 |
| Payroll Payable | 519 | 114 | 633 |
| Unearned Revenue | 844 | 633 | 1,477 |
| Accrued Interest Payable | 0 | 1,423 | 1,423 |
| Current Portion of Long-term Debt | 13,986 | 92,954 | 106,940 |
| TOTAL CURRENT LIABILITIES | 24,744 | 96,494 | 121,238 |
| NONCURRENT LIABILITIES | | | |
| Net Pension Liability | 58,583 | 62,035 | 120,618 |
| Bond Payable (net current portion) | 0 | 2,083,334 | 2,083,334 |
| Note/Lease Payable (net current portion) | 0 | 3,517,207 | 3,517,207 |
| TOTAL NONCURRENT LIABILITIES | 58,583 | 5,662,576 | 5,721,159 |
| TOTAL LIABILITIES | 83,327 | 5,759,070 | 5,842,397 |

See accompanying notes to the basic financial statements

| | Waterworks | Sewer | Total |
|---|---|---|---|
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension Sources | $ 0 | $ 0 | $ 0 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 0 | 0 | 0 |
| NET POSITION | | | |
| Restricted - Debt Service | | 303,017 | 303,017 |
| Unrestricted | 1,419,891 | 5,786,962 | 7,206,853 |
| TOTAL NET POSITION | $ 1,419,891 | $ 6,089,979 | $ 7,509,870 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Waterworks Fund | Sewer Fund | Total |
|---|---|---|---|
| OPERATING REVENUES | | | |
| Service Fees | $ 261,992 | $ 378,474 | $ 640,466 |
| Hook-up Fees | 8,090 | 14,000 | 22,090 |
| Other Revenue | 2,955 | 23,417 | 26,372 |
| TOTAL OPERATING REVENUES | 273,037 | 415,891 | 688,928 |
| OPERATING EXPENSES | | | |
| Payroll - Administrative | 59,637 | 55,621 | 115,258 |
| Insurance | 5,111 | 5,111 | 10,222 |
| Professional Fees | 6,227 | 33,570 | 39,797 |
| Office Supplies/Expense | 9,034 | 3,791 | 12,825 |
| Bad Debts | 0 | 2 | 2 |
| Payroll - Operations | 65,154 | 65,344 | 130,498 |
| Supplies | 7,720 | 29,630 | 37,350 |
| Utilities - Operations | 13,164 | 20,513 | 33,677 |
| Repairs and Maintenance | 4,781 | 4,377 | 9,158 |
| Gas & Oil | 2,663 | 3,038 | 5,701 |
| Lab Fees | 1,045 | 4,866 | 5,911 |
| Training | 1,304 | 1,472 | 2,776 |
| Assessments/Studies | 5,646 | 24,386 | 30,032 |
| Depreciation | 93,357 | 213,138 | 306,495 |
| TOTAL OPERATING EXPENSES | 274,843 | 464,859 | 739,702 |
| OPERATING INCOME (LOSS) | (1,806) | (48,968) | (50,774) |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment Earnings | 40,349 | 40,623 | 80,972 |
| Land Lease | | 15,200 | 15,200 |
| Federal Grant Revenue | 56,656 | | 56,656 |
| Interest Expense | (626) | (34,618) | (35,244) |
| TOTAL NON-OPERATING REVENUE (EXPENSES) | 96,379 | 21,205 | 117,584 |
| CHANGE IN NET POSITION | 94,573 | (27,763) | 66,810 |
| TOTAL NET POSITION - BEGINNING (Restated) | 1,325,318 | 6,117,742 | 7,443,060 |
| TOTAL NET POSITION - ENDING | $ 1,419,891 | $ 6,089,979 | $ 7,509,870 |

See accompanying notes to the basic financial statements

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Waterworks | Sewer | Total |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts Form Customers | $ 269,137 | $ 417,203 | $ 686,340 |
| Payments to Suppliers | (73,621) | (131,434) | (205,055) |
| Payments to Employees | (124,791) | (120,965) | (245,756) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 70,725 | 164,804 | 235,529 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Interfund Borrowing (Payments) | 5,595 | (5,595) | 0 |
| Borrowing from Federal Grant Sources | 0 | 1,959,788 | 1,959,788 |
| NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES | 5,595 | 1,954,193 | 1,959,788 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Principal Paid on Capital Debt | (5,253) | (47,431) | (52,684) |
| Grant Proceeds | 56,656 | 0 | 56,656 |
| Interest Paid on Capital Debt | (626) | (34,618) | (35,244) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | 50,777 | (82,049) | (31,272) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Capital Assets | (78,246) | (2,170,630) | (2,248,876) |
| Land Lease Proceeds | 0 | 15,200 | 15,200 |
| Interest | 40,349 | 40,623 | 80,972 |
| CASH FLOWS FROM INVESTING ACTIVITIES | (37,897) | (2,114,807) | (2,152,704) |
| NET (DECREASE) IN CASH AND CASH EQUIVALENTS | 89,200 | (77,859) | 11,341 |
| BALANCES - BEGINNING OF THE YEAR | 714,504 | 958,790 | 1,673,294 |
| BALANCES - END OF THE YEAR | $ 803,704 | $ 880,931 | $ 1,684,635 |
| BALANCE DISPLAYED AS: | | | |
| Cash | $ 214 | $ 48,384 | $ 48,598 |
| Investments | 803,490 | 529,530 | 1,333,020 |
| Restricted Investments | 0 | 303,017 | 303,017 |
| | $ 803,704 | $ 880,931 | $ 1,684,635 |

(Continued)

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Waterworks | Sewer | Total |
|---|---|---|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating Income (Loss) | $ (1,806) | $ (48,968) | $ (50,774) |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| (Increase) Decrease in Accounts Receivable | (3,900) | 1,312 | (2,588) |
| Increase (Decrease) in Payroll Payable | 519 | 114 | 633 |
| Increase (Decrease) in Unearned Revenue | 0 | 0 | 0 |
| Increase (Decrease) in Accounts Payable | (20,531) | (3,296) | (23,827) |
| Increase (Decrease) in Accrued Interest Payable | (542) | (32) | (574) |
| Increase (Decrease) in Deferred Pension In/Outflow | 3,628 | 2,536 | 6,164 |
| Depreciation | 93,357 | 213,138 | 306,495 |
| Net Cash Provided (Used) by Operating Activities | $ 70,725 | $ 164,804 | $ 235,529 |
| NON-CASH TRANSACTIONS | | | |
| None | $ 0 | $ 0 | $ 0 |

See accompanying notes to the basic financial statements

**NOTES TO BASIC**
**FINANCIAL STATEMENTS**

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**NOTES TO FINANCIAL STATEMENTS**
**SEPTEMBER 30, 2024**

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. INTRODUCTION

The City of Hagerman, Idaho, (City) operates under a Council-Mayor form of government. The City's major operations include park, public works and general administrative services. In addition, the City owns and operates a water and sewer system.

The accounting and reporting framework and the more significant accounting principles and practices of City of Hagerman are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the year ended September 30, 2024.

The City is governed by an elected City Council which possesses final decision making authority and is held primarily accountable for those decisions. The Council is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance city system operations and construction. All operations controlled by the Council are included within these financial statements.

The City's financial statements are prepared in accordance with 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 in GAAP and used by the City are discussed below.

### B - REPORTING ENTITY

These financial statements present the City (the primary government) and any component units of the City. As defined by GASB No. 14, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City. Based on this definition, the City has no component units.

The City was incorporated in the 1960's under the requirements of Idaho Code 50-101 and in the manner under Idaho Code 50-102. Title 50 of Idaho statutes, Municipal Corporations, dictates the laws that the City must operate under. The City is governed by an elected council and mayor that serve a four year term.

### C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's federal grants, state grants, debt service, capital projects, plant facilities, and general administrative services are classified as governmental activities. The City has two services classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Neither fiduciary funds nor component units that are fiduciary in nature are included in the Statement of Net Positions.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (local revenue, franchise fees, state revenue, grants, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (instruction, support, administrative, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. All interfund activity has been eliminated.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City can electively add funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds - Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects

Capital Project Funds - The Capital Project Fund is used to account for resources restricted, committed or assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund - The Debt Service Fund accounts for all financial resources restricted, committed or assigned for the payment of interest and principle on the general long-term debt of the City. Ad valorem taxes are used for the payment of principal and interest on the City's judgment.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

FIDUCIARY FUNDS (Not included in government-wide statements)

Agency Funds - Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The City has no agency funds.

### E - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

### BASIS OF ACCOUNTING

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

1. Accrual - Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

1. Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

### F - ASSETS, LIABILITIES, AND EQUITY

#### Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods/services type transactions are classified as "due to/from other funds." Short-term interfund loans are reported as "interfund receivable/payable ." Long-term interfund loans (noncurrent portion) are reported as "advances to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 9 for details of interfund transactions, including receivables and payables at year-end. All interfund activity has been eliminated in the government-wide statement of activity.

### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, grants, and State foundation funding. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

### Inventories

In the government-wide statements, materials, supplies and food commodities are carried in an inventory account at the lower of cost or market and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance, operating, and instructional supplies. In the fund financial statements, inventory items are recorded as expenditures when purchased.

### Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to bond proceeds to be used for a capital construction project of the City and to state and federal grants. For expenditures that apply to both restricted and unrestricted resources, the City uses restricted funds first.

### Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts and can represent a reservation of fund balances in the governmental fund financial statements. The City does not use encumbrance accounting. Therefore, there is no reservation of fund balance.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

Deferred outflows of resources are decreases in net assets that relate to future periods and are reported in a separate section of its government-wide and governmental funds financial statements. Deferred outflows of resources from pension obligations affect the government-wide statements and no deferred outflows effect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

Deferred inflows of resources reflects an increase in net assets that applies to a future period(s) and is because the City will not recognize the related revenues until a future event occurs. The City's governmental funds report a separate section for deferred inflows of resources and has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet. The deferred inflows of resources reported in its government-wide financial statements is a deferred amount arising from pension sources.

Capital Assets

The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. For fund financial statements, the City has maintained a $500 limit before an item is recorded as a capital expenditure. The limits for the government-wide statements vary and are shown below.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets are not required to be valued and reported on the City's financial statements and the City has not elected to report them. Therefore, the value of any infrastructure assets purchased prior to July 1, 2003, are not included in these statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

| Description | Life | Capitalization Amount |
|---|---|---|
| Aggregate Cost of Library Books | 3 | $5,000 |
| Automobiles | 5 - 15 | $5,000 |
| Office and Light-weight Equipment | 5 - 15 | $5,000 |
| Heavy Equipment | 7 - 20 | $10,000 |
| Buildings and Improvements | 40 | $15,000 |
| Infrastructure | 50 | $50,000 |

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Liability for Compensated Absences

Employees are not allowed to accrue personal leave each year. Therefore, no liability for compensated absences has been incurred or recorded at year end.

Vacation and sick days are not allowed to be carried over at the City level. Therefore, there is no liability associated with vacation or sick leave days.

Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bond premiums are reported in the deferred inflows of resources section in the statement of net position. Bonds payable are reported net of the applicable bond premium of discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Budget

The City Council adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The City is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the City:

1. 1) At least 28 days prior to its annual meeting, the city council shall have prepared a budget in a form prescribed by the state statute, and shall have notified the public of the budget hearing.

2. 2) At the public hearing or a special meeting held no later than 14 days after the public hearing, the city council shall adopt a budget for the ensuing year..

3. 3) The city council shall publish a summary statement of the budget in the local newspaper.

4. The City may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

### Equity Classifications (Net Position and Fund Balance)

#### Government-wide Financial Statements

When the City incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Investment in Capital Assets, Net of Related Debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position—All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

#### Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Fund Balance - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - Includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision making authority, the Mayor and City Council. Formal action is done by making and approving a motion/resolution of the Mayor and City Council.

Assigned Fund Balance - Includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City has not delegated authority to assign amounts to be used for specific purposes. If such assignments were allowed, they could not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned Fund Balance - Includes the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

## NOTE 2 - CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of Idaho Code Sections 50-1013 and 67-1210. Under Idaho Code, the City, at its own discretion, may invest funds in time deposits and certificates of deposits provided by the depository bank at interest rates approximating United States treasury bill rates.

The classifications of risk associated with cash and investments are concentration of credit risk, interest rate risk, credit risk, and custodial credit risk. These are defined as:

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk - The exposure to an unfavorable change in interest rates.

## NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City does not have formal investment policies to limit the concentration of credit risk or the interest rate risk.

At September 30, 2024, the City had a carrying value of cash deposits of $354,101 and a bank balance of $370,727. Based on the above definitions, the City is subject to $120,727 of concentration of credit risk.

Idaho Code authorizes the City to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was $2,609,251 (Idaho State Local Government Investment Pool) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

Investments by the City in the State Treasury Pool are specifically excluded from reporting for custodial credit risk and concentration of credit risk by GASB 40.

Restrictions on cash and cash equivalents and investments are as follows:

| | Cash and Equivalents | Investments | Total |
|---|---|---|---|
| Street Fund - Street Maintenance | $ 160,680 | $ 383,981 | $ 544,661 |
| Library Fund - Capital Outlay and Operations | 100 | 48,285 | 48,385 |
| Park Fund - Park Maintenance | 21,755 | 19,809 | 41,564 |
| Sewer Fund - Debt Service | | 303,017 | 303,017 |
| | $ 182,535 | $ 755,092 | $ 937,627 |

## NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES

The City's property tax is levied each October on the value listed as of the prior January 1 for all property located in the City. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2023, upon which the 2023 levy was based was $86,460,189.

## NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES (Continued)

The tax rates assessed, per $100 of valuation, for the year ended September 30, 2024, and maximum levy rates limited by Idaho Code Section 50-235 are as follows:

| Type | % Rate | Maximum Rate |
|---|---|---|
| General | 0.1535 | 0.9000 |
| Street | 0.0677 | No Limit |
| Library | 0.0304 | 0.1000 |
| Park | 0.0268 | 0.0600 |

At September 30, 2024, the components of taxes receivable are as follows:

| Fund | 2023 | 2022 | 2021 | Total |
|---|---|---|---|---|
| General Fund | $ 5,030 | $ 1,424 | $ 209 | $ 6,663 |
| Street Fund | 2,219 | 627 | 92 | 2,938 |
| Library Fund | 998 | 282 | 41 | 1,321 |
| Park Fund | 881 | 249 | 37 | 1,167 |
| Total | $ 9,128 | $ 2,582 | $ 379 | $ 12,089 |

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the September 30, 2024, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by November 30, 2024, are deferred inflows of tax revenue. The components of deferred inflows of tax revenue are as follows:

| Fund | Amount |
|---|---|
| General Fund | $ 6,044 |
| Street Fund | 2,665 |
| Library Fund | 1,199 |
| Park Fund | 1,058 |
| Total | $ 10,966 |

For government-wide statements, an allowance for uncollectable taxes is calculated. However, historical information shows that the uncollectable amount is immaterial to these statements and no allowance will be recorded until it becomes a material amount. Also, the above deferred amounts are not included in the government-wide statements.

## NOTE 4 - 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 and natural disasters for which the City carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

## NOTE 4 - RISK MANAGEMENT (Continued)

The City controls risk of loss by having adequate insurance coverage. The type and coverage amount is listed below:

| | |
|---|---|
| Workers Compensation Insurance | Limited by State Law |
| General Liability | $ 3,000,000 |
| Boiler and Machinery | 100,000,000 |
| Auto | 3,000,000 |
| Criminal Acts | 500,000 |
| Errors and Omissions | 3,000,000 |
| Real and Personal Property | Replacement Value |
| Chemical Spraying | 500,000 |

The City believes that the above coverage is proper to protect the City from any losses.

## NOTE 5 - DUE FROM OTHER GOVERNMENTS

The City can participate in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the City receives support from the State of Idaho. Amounts due from federal and state governments at September 30, 2024, are as follows:

| Description - Source | General Fund | Street Fund | Total |
|---|---|---|---|
| Highway User - State | | $ 11,875 | $ 11,875 |
| Liquor Apportionment - State | $ 6,246 | | 6,246 |
| Revenue Share - State | 14,923 | 14,923 | 29,846 |
| Total | $ 21,169 | $ 26,798 | $ 47,967 |

## NOTE 6 - CONTINGENCIES

The City is not aware of any pending or threatened litigation which would adversely affect the City. The City has received several federal/state grants for specific purposes that were subject to review and audit of compliance conditions of the programs. Since this amount is not capable of being measured at year end, no accrual has been recorded. The reports on internal accounting controls and compliance elements are contained as listed in the table of contents. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

## NOTE 7 - CAPITAL ASSET ACTIVITY

Depreciation expense was charged to governmental functions as follows:

| | |
|---|---|
| Administration | $ 9,257 |
| Police | 445 |
| Library | 4,154 |
| Street | 14,577 |
| Total | $ 28,433 |

## NOTE 7 - CAPITAL ASSET ACTIVITY (Continued)

Capital asset activity for the City's governmental functions for the year ended September 30, 2024, was as follows (beginning amounts restated to reflect GASB 34):

| | Primary Government - Governmental Activities | | | |
|---|---|---|---|---|
| | Beginning Balance | Additions | Retirements | Ending Balance |
| Non-depreciated assets: | | | | |
| Land | $ 0 | $ 0 | $ 0 | $ 0 |
| | 0 | 0 | 0 | 0 |
| Other capital assets: | | | | |
| Intangible Lease Asset | 21,381 | | | 21,381 |
| Buildings and Improvements | 559,878 | | | 559,878 |
| Infrastructure | 317,421 | | | 317,421 |
| Equipment | 182,096 | | | 182,096 |
| Library | 143,216 | | | 143,216 |
| Automobiles | 6,840 | | | 6,840 |
| Subtotal | 1,230,832 | 0 | 0 | 1,230,832 |
| Less accumulated depreciation for: | | | | |
| Leased Asset Amortization | (10,690) | (2,138) | | (12,828) |
| Buildings and Improvements | (238,895) | (12,720) | | (251,615) |
| Infrastructure | (86,530) | (6,963) | | (93,493) |
| Equipment | (163,098) | (4,753) | | (167,851) |
| Library | (143,216) | | | (143,216) |
| Automobiles | (6,840) | | | (6,840) |
| Subtotal | (649,269) | (26,574) | 0 | (675,843) |
| Net Depreciated Assets | 581,563 | (26,574) | 0 | 554,989 |
| Net Capital Assets | $ 581,563 | $ (26,574) | $ 0 | $ 554,989 |

A summary of property and equipment of proprietary funds is presented below:

| | Waterworks | Sewer | Total |
|---|---|---|---|
| Land | $ 4,000 | $ 1,539,868 | $ 1,543,868 |
| Construction-in-process | 162,217 | 2,450,316 | 2,612,533 |
| Easements | 0 | 16,821 | 16,821 |
| Buildings | 158,920 | 115,142 | 274,062 |
| Equipment | 167,747 | 206,555 | 374,302 |
| Systems | 2,784,853 | 10,318,388 | 13,103,241 |
| | 3,277,737 | 14,647,090 | 17,924,827 |
| Less: Accumulated Depreciation | (2,614,684) | (3,724,228) | (6,338,912) |
| Net Capital Assets | $ 663,053 | $ 10,922,862 | $ 11,585,915 |

## NOTE 8 - RETIREMENT PLAN

Plan Description

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

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2024 was as follows:

| | |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 56,084 |
| Terminated employees entitled to but not yet receiving benefits | 55,054 |
| Active plan members | 78,354 |
| Total | 189,492 |

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. Amounts in parenthesis represent police/firefighters.

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 and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

**NOTE 8 - RETIREMENT PLAN (Continued)**

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. As of July 1, 2024 it was 6.71% for general employees and 9.83% for police and firefighters and 7.62% for school employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters and 12.69% for school employees. . The City's employer contributions required and paid were $33,034, $33,625, and, $29,143 for the three years ended September 30, 2024, 2023, and 2022. respectively.

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

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was .00590118 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $63,485. 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 | $ 35,144 | $ - |
| Changes in assumptions or other inputs | 8,745 | |
| Net difference between projected and actual earnings on pension plan investments | (4,007) | |
| Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions | - | - |
| City contributions subsequent to the measurement date | 8,811 | |
| Total | $ 48,693 | $ - |

$8,811 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 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, 2022 is 4.6 and 4.6 for the measurement period June 30, 2024.

## NOTE 8 - RETIREMENT PLAN (Continued)

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 June 30, | |
|---|---|
| 2025 | $ 10,895 |
| 2026 | $ 41,158 |
| 2027 | $ (7,098) |
| 2028 | $ (5,073) |
| 2029 | $ - |

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 following are the actuarial assumptions and the entry age normal cost method, applied to all periods included

| | |
|---|---|
| Inflation | 2.30% |
| Salary Increases | 3.05% |
| Salary Inflation | 3.05% |
| Investment rate of return | 6.35% |
| Cost of Living (COLA) Adjustments | 1% |

**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 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.

**NOTE 8 - RETIREMENT PLAN (Continued)**

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of 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 2023.

| Asset Allocation | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 0.00% | 0.00% |
| Large Cap | 18.00% | 4.50% |
| Small/Midcap | 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% |
| | 100.00% | |

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.

## NOTE 8 - RETIREMENT PLAN (Continued)

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

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

| | 1% Decrease (5.35%) | Current Discount Rate (6.35%) | 1% Increase (7.35%) |
|---|---|---|---|
| Employer's proportionate share of the net pension liability (asset) | $ 419,479 | $ 220,742 | $ 58,425 |

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 $922.93 for legally required employer contributions and $548.50 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

## NOTE 9 - INTERFUND TRANSACTIONS

Interfund transfers and due to/from for the City for the year ended June 30, 2024, are summarized below:

| | Receiving Fund | Paying Fund | Amount |
|---|---|---|---|
| Due To/From: | | | |
| To cover current expenditures | Library Fund | General Fund | $ 1,218 |

## NOTE 10 - RESTRICTED ASSETS

Restricted amounts are listed in the cash note #2.

Legislation passed by the City placing restrictions on assets is referred to as enabling legislation. These restrictions are legally enforceable which allows external parties to force the City to follow their own restrictions. None of the City's restricted assets meet this criteria.

## NOTE 11 - DEBT

The following is a summary of the City's long-term debt obligations and transactions for the year ended September 30, 2024:

| | | Beginning | Issued | Retired | Ending |
|---|---|---|---|---|---|
| 1.75% | Sewer DEQ Loan | $ 1,602,918 | $ 1,959,788 | | 3,562,706 |
| 1.625% | USDA Bond | 2,178,220 | | $ 47,431 | 2,130,789 |
| 4.695% | Intangible Lease - Copiers | 12,415 | | 2,135 | 10,280 |
| 3.85% | Capital Lease - Roller | 19,239 | | 5,253 | 13,986 |
| | | $ 3,812,792 | $ 1,959,788 | $ 54,819 | $ 5,717,761 |

The annual requirements to amortize the City's debt as of September 30, 2024, is as follows:

Government Type Activities:

GASB 87 requires the reporting of leases once referred to as operating leases as lease liabilities and the offsetting asset as an intangible lease asset. In January, 2019, the City entered into a lease for copiers with US Bank. The general information and terms are as follows:

| | |
|---|---|
| Asset Value | $ 21,381 |
| Major Class | Copier Equipment |
| Commencement Date | January , 2019 |
| Implied Interest Rate | 4.695% |
| Payment Amount | $ 222.73 |
| Payment Frequency | Monthly |
| Number of Payments | 120 |
| Variable Payments | None |
| Other Payments | None |
| Residual Value Guarantees | None |
| Total Cash Outflows for Year | $ 2,672.76 |
| Impairment Loss Commitments | None |
| Commitments Prior to Lease Term | None |

| | Lease | Notes | Interest | Total |
|---|---|---|---|---|
| 2025 | $ 2,238 | | $ 435 | $ 2,673 |
| 2026 | 2,345 | | 328 | 2,673 |
| 2027 | 2,458 | | 215 | 2,673 |
| 2028 | 2,576 | | 97 | 2,673 |
| 2029 | 663 | | 5 | 668 |
| | $ 10,280 | $ 0 | $ 1,080 | $ 11,360 |

**NOTE 11 - DEBT (Continued)**

Business Type Activities:

Water Fund

| Roller Lease | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 13,986 | $ 392 | $ 14,378 |
| | $ 13,986 | $ 392 | $ 14,378 |

Cost of the roller was $40,000 with $24,000 of accumulated depreciation.

Sewer Fund

| USDA Bond | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 47,455 | $ 34,625 | $ 82,080 |
| 2026 | 48,226 | 33,854 | 82,080 |
| 2027 | 49,009 | 33,071 | 82,080 |
| 2028 | 49,806 | 32,274 | 82,080 |
| 2029 | 50,615 | 31,465 | 82,080 |
| 2030 | 51,438 | 30,642 | 82,080 |
| 2031 | 52,274 | 29,806 | 82,080 |
| 2032 | 53,123 | 28,957 | 82,080 |
| 2033 | 53,986 | 28,094 | 82,080 |
| 2034 | 54,864 | 27,216 | 82,080 |
| 2035 | 55,755 | 26,325 | 82,080 |
| 2036 | 56,661 | 25,419 | 82,080 |
| 2037 | 57,582 | 24,498 | 82,080 |
| 2038 | 58,518 | 23,562 | 82,080 |
| 2039 | 59,468 | 22,612 | 82,080 |
| 2040 | 60,435 | 21,645 | 82,080 |
| 2041 | 61,417 | 20,663 | 82,080 |
| 2042 | 62,415 | 19,665 | 82,080 |
| 2043 | 63,429 | 18,651 | 82,080 |
| 2044 | 64,460 | 17,620 | 82,080 |
| 2045 | 65,507 | 16,573 | 82,080 |
| 2046 | 66,572 | 15,508 | 82,080 |
| 2047 | 67,654 | 14,426 | 82,080 |
| 2048 | 68,753 | 13,327 | 82,080 |
| 2049 | 69,870 | 12,210 | 82,080 |
| 2050 | 71,006 | 11,074 | 82,080 |
| 2051 | 72,160 | 9,920 | 82,080 |
| 2052 | 73,332 | 8,748 | 82,080 |
| 2053 | 74,524 | 7,556 | 82,080 |
| 2054 | 75,735 | 6,345 | 82,080 |
| 2055 | 76,965 | 5,115 | 82,080 |

**NOTE 11 - DEBT (Continued)**

| | | | |
|---|---|---|---|
| 2056 | 78,216 | 3,864 | 82,080 |
| 2057 | 79,487 | 2,593 | 82,080 |
| 2058 | 80,073 | 2,007 | 82,080 |
| | $ 2,130,789 | $ 659,931 | $ 2,790,720 |

| USDA Bond | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 45,499 | $ 31,088 | $ 76,587 |
| 2026 | 92,022 | 61,152 | 153,174 |
| 2027 | 93,640 | 59,534 | 153,174 |
| 2028 | 95,128 | 58,046 | 153,174 |
| 2029 | 96,957 | 56,217 | 153,174 |
| 2030 | 98,662 | 54,512 | 153,174 |
| 2031 | 100,396 | 52,778 | 153,174 |
| 2032 | 102,022 | 51,152 | 153,174 |
| 2033 | 103,954 | 49,220 | 153,174 |
| 2034 | 105,781 | 47,393 | 153,174 |
| 2035 | 107,640 | 45,534 | 153,174 |
| 2036 | 109,414 | 43,760 | 153,174 |
| 2037 | 111,455 | 41,719 | 153,174 |
| 2038 | 113,414 | 39,760 | 153,174 |
| 2039 | 115,407 | 37,767 | 153,174 |
| 2040 | 117,339 | 35,835 | 153,174 |
| 2041 | 119,498 | 33,676 | 153,174 |
| 2042 | 121,599 | 31,575 | 153,174 |
| 2043 | 123,736 | 29,438 | 153,174 |
| 2044 | 125,838 | 27,336 | 153,174 |
| 2045 | 128,123 | 25,051 | 153,174 |
| 2046 | 130,374 | 22,800 | 153,174 |
| 2047 | 132,666 | 20,508 | 153,174 |
| 2048 | 134,950 | 18,224 | 153,174 |
| 2049 | 137,370 | 15,804 | 153,174 |
| 2050 | 139,784 | 13,390 | 153,174 |
| 2051 | 142,241 | 10,933 | 153,174 |
| 2052 | 144,720 | 8,454 | 153,174 |
| 2053 | 147,282 | 5,892 | 153,174 |
| 2054 | 149,874 | 3,300 | 153,174 |
| 2055 | 75,921 | 666 | 76,587 |
| | $ 3,562,706 | $ 1,032,514 | $ 4,595,220 |

**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**BUDGETARY COMPARISON SCHEDULE**
**GENERAL FUND**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance With Final Budget - Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | | |
| Budgetary Fund Balance - Beginning | $ 32,090 | $ 32,090 | $ 564,573 | $ 532,483 |
| Resources (Inflows) | | | | |
| Property Taxes | 133,938 | 133,938 | 143,561 | 9,623 |
| Property Tax Replacement | 3,172 | 3,172 | 3,200 | 28 |
| License, Permits and Fees | 5,450 | 5,450 | 5,310 | (140) |
| State Revenue | 95,996 | 95,996 | 87,312 | (8,684) |
| Building Inspection | 15,000 | 15,000 | 11,811 | (3,189) |
| Court Fines | 2,400 | 2,400 | 3,915 | 1,515 |
| Lease Revenue | 4,800 | 4,800 | 4,800 | 0 |
| Garbage Collection | 25,687 | 25,687 | 69,497 | 43,810 |
| Franchise Fees | 2,000 | 2,000 | 1,417 | (583) |
| Other Revenue | 800 | 800 | 488 | (312) |
| Federal Grants | 203,200 | 203,200 | 182,650 | (20,550) |
| Investment Revenue | 10,000 | 10,000 | 25,823 | 15,823 |
| Total Revenues | 502,443 | 502,443 | 539,784 | 37,341 |
| Amount Available for Appropriations | 534,533 | 534,533 | 1,104,357 | 569,824 |
| Charges to Appropriations (Outflows) | | | | |
| Administration | 128,128 | 128,128 | 91,958 | 36,170 |
| Police Enforcement | 140,299 | 140,299 | 140,298 | 1 |
| Building Inspection | 10,400 | 10,400 | 1,549 | 8,851 |
| Animal Control | 20,506 | 20,506 | 24,770 | (4,264) |
| Waste Collection | 32,000 | 32,000 | 33,788 | (1,788) |
| Community Service | 203,200 | 203,200 | 181,871 | 21,329 |
| Total Charges to Appropriations | 534,533 | 534,533 | 474,234 | 60,299 |
| Ending Budgetary Fund Balance | $ 0 | $ 0 | $ 630,123 | $ 630,123 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**BUDGETARY COMPARISON SCHEDULE**
**STREET FUND**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance With Final Budget - Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | | |
| Budgetary Fund Balance - Beginning | $ 0 | $ 0 | $ 502,284 | $ 502,284 |
| Resources (Inflows) | | | | |
| Property Taxes | 58,336 | 58,336 | 42,617 | (15,719) |
| State Highway Users | 74,713 | 74,713 | 93,072 | 18,359 |
| Other State Revenue | 60,146 | 60,146 | 55,738 | (4,408) |
| City Highway | 150 | 150 | 21,514 | 21,364 |
| Investment Revenue | 1,000 | 1,000 | 18,040 | 17,040 |
| State Grants | 410,000 | 410,000 | 0 | (410,000) |
| Other Revenue | 0 | 0 | 204 | 204 |
| Franchise Fees | 12,975 | 12,975 | 11,606 | (1,369) |
| Total Revenues | 617,320 | 617,320 | 242,791 | (374,529) |
| Amount Available for Appropriations | 617,320 | 617,320 | 745,075 | 127,755 |
| Charges to Appropriations (Outflows) | | | | |
| Payroll and Benefits | 70,123 | 70,123 | 73,320 | (3,197) |
| Supplies | 16,086 | 16,086 | 15,110 | 976 |
| Street Repairs and Projects | 507,000 | 507,000 | 68,186 | 438,814 |
| Equipment Maintenance | 5,000 | 5,000 | 0 | 5,000 |
| Fuel | 4,500 | 4,500 | 3,080 | 1,420 |
| Street Lighting - Utilities | 9,500 | 9,500 | 9,727 | (227) |
| Liability Insurance | 5,111 | 5,111 | 5,111 | 0 |
| Total Charges to Appropriations | 617,320 | 617,320 | 174,534 | 442,786 |
| Ending Budgetary Fund Balance | $ 0 | $ 0 | $ 570,541 | $ 570,541 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**BUDGETARY COMPARISON SCHEDULE**
**LIBRARY FUND**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance With Final Budget - Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | | |
| Budgetary Fund Balance - Beginning | $ 0 | $ 0 | $ 54,535 | $ 54,535 |
| Resources (Inflows) | | | | |
| Property Taxes | 26,634 | 26,634 | 28,766 | 2,132 |
| Fees and Donations | 51,910 | 51,910 | 3,825 | (48,085) |
| Grants | 20,000 | 20,000 | 536 | (19,464) |
| Federal Grants | 21,500 | 21,500 | 5,000 | (16,500) |
| Investment Revenue | 2,000 | 2,000 | 2,968 | 968 |
| Total Revenues | 122,044 | 122,044 | 41,095 | (80,949) |
| Amount Available for Appropriations | 122,044 | 122,044 | 95,630 | (26,414) |
| Charges to Appropriations (Outflows) | | | | |
| Payroll and Benefits | 34,109 | 34,109 | 39,243 | (5,134) |
| Administrative Costs | 1,725 | 1,725 | 1,693 | 32 |
| Library Materials and Expenses | 1,200 | 1,200 | 787 | 413 |
| Supplies | 1,500 | 1,500 | 3,741 | (2,241) |
| Repairs | 20,000 | 20,000 | 0 | 20,000 |
| Training | 200 | 200 | 0 | 200 |
| Advertising | 2,000 | 2,000 | 0 | 2,000 |
| Utilities | 2,600 | 2,600 | 3,134 | (534) |
| Capital Outlay | 58,710 | 58,710 | 0 | 58,710 |
| Total Charges to Appropriations | 122,044 | 122,044 | 48,598 | 73,446 |
| Ending Budgetary Fund Balance | $ 0 | $ 0 | $ 47,032 | $ 47,032 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**BUDGETARY COMPARISON SCHEDULE**
**PARK FUND**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) (See Note 1) | Variance With Final Budget - Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | | |
| Budgetary Fund Balance - Beginning | $ 0 | $ 0 | $ 28,711 | $ 28,711 |
| Resources (Inflows) | | | | |
| Property Taxes | 23,178 | 23,178 | 25,950 | 2,772 |
| Rental Income | 400 | 400 | 1,450 | 1,050 |
| Other Revenue | 25 | 25 | 25 | 0 |
| Investment Revenue | 240 | 240 | 1,024 | 784 |
| Total Revenues | 23,843 | 23,843 | 28,449 | 4,606 |
| Amount Available for Appropriations | 23,843 | 23,843 | 57,160 | 33,317 |
| Charges to Appropriations (Outflows) | | | | |
| Salaries & Benefits | 7,313 | 7,313 | 7,071 | 242 |
| Park Maintenance and Projects | 13,530 | 13,530 | 6,785 | 6,745 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Utilities | 3,000 | 3,000 | 2,807 | 193 |
| Total Charges to Appropriations | 23,843 | 23,843 | 16,663 | 7,180 |
| Ending Budgetary Fund Balance | $ 0 | $ 0 | $ 40,497 | $ 40,497 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**
**PERSI - BASE PLAN**
**LAST 10 FISCAL YEARS ***

| Year Ended June 30, | Employer's portion of net pension liability | Employer's proportionate share of the net pension liability | Employer's covered-employee payroll | Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 2024 | 0.0059012% | $ 220,742 | $ 290,335 | 76.03% | 85.54% |
| 2023 | 0.0065136% | $ 259,935 | $ 286,134 | 90.84% | 83.83% |
| 2022 | 0.0058873% | $ 231,885 | $ 244,076 | 95.01% | 83.09% |
| 2021 | 0.0054760% | $ (4,325) | $ 203,544 | -2.12% | 100.36% |
| 2020 | 0.0050312% | $ 116,831 | $ 188,241 | 62.06% | 88.22% |
| 2019 | 0.0049484% | $ 56,485 | $ 186,288 | 30.32% | 93.79% |
| 2018 | 0.0036071% | $ 53,205 | $ 112,055 | 47.48% | 91.69% |
| 2017 | 0.0035979% | $ 56,553 | $ 113,074 | 50.01% | 90.68% |
| 2016 | 0.0036348% | $ 73,683 | $ 108,348 | 68.01% | 87.26% |
| 2015 | 0.0034322% | $ 45,196 | $ 97,368 | 46.42% | 91.38% |

Data reported is measured as of June 30, 2024

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**
**PERSI - BASE PLAN**
**LAST 10 FISCAL YEARS ***

| Year Ended June 30, | Statutorily required | Contributions in relation to the statutorily required contribution | Contribution (deficiency) excess | Employer's covered-employee payroll | Contributions as a percentage of covered-employee payroll |
|---|---|---|---|---|---|
| 2024 | $ 33,034 | $ 33,034 | $ - | $ 290,335 | 11.38% |
| 2023 | $ 33,625 | $ 33,625 | $ - | $ 286,134 | 11.75% |
| 2022 | $ 29,143 | $ 29,143 | $ - | $ 244,076 | 11.94% |
| 2021 | $ 24,303 | $ 24,303 | $ - | $ 203,544 | 11.94% |
| 2020 | $ 22,476 | $ 22,476 | $ - | 188,241 | 11.94% |
| 2019 | $ 21,344 | $ 21,344 | $ - | $ 186,288 | 11.46% |
| 2018 | $ 12,685 | $ 12,685 | $ - | $ 112,055 | 11.32% |
| 2017 | $ 12,800 | $ 12,800 | $ - | $ 113,074 | 11.32% |
| 2016 | $ 12,265 | $ 12,265 | $ - | $ 108,348 | 11.32% |
| 2015 | $ 11,022 | $ 11,022 | $ - | $ 97,368 | 11.32% |

Data reported is measured as of September 30, 2024

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

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**SEPTEMBER 30, 2024**

## NOTE 1 - RECONCILIATION OF BUDGET TO GAAP

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

| | General Fund | Street Fund | Library Fund | Recreation Fund |
|---|---|---|---|---|
| Sources/Inflows of Resources | | | | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule | $ 1,104,357 | $ 745,075 | $ 95,630 | $ 57,160 |
| Differences - Budget to GAAP | | | | |
| For the fund revenue, transfers are not included as revenue, but, as "other financing sources." | | | | |
| For the fund revenue, investment earnings are not included as revenue, but, as "other financing sources." | (25,823) | (18,040) | (2,968) | (1,024) |
| The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes | (564,573) | (502,284) | (54,535) | (28,711) |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | $ 513,961 | $ 224,751 | $ 38,127 | $ 27,425 |
| Uses/Outflows of Resources | | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule | $ 474,234 | $ 174,534 | $ 48,598 | 16,663 |
| For the fund expenditures, transfers are not included as an expenditure, but, as "other financing sources." | | | | |
| Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds | $ 474,234 | $ 174,534 | $ 48,598 | $ 16,663 |

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**
**SEPTEMBER 30, 2024**

## NOTE 2 - BUDGET PROCESS

The city council adopts a budget on a basis consistent with the GAAP. The City is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the City:

1) At least 28 days prior to its annual meeting, the city council shall have prepared a budget in a form prescribed by the state statute, and shall have notified the public of the budget hearing.

2) At the public hearing or a special meeting held no later than 14 days after the public hearing, the city council shall adopt a budget for the ensuing year.

3) The city council shall publish a summary statement of the budget in the local newspaper.

4) The City may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

5) The legal budget is adopted at the item level.

## NOTE 3 - REQUIRED FUND DISCLOSURE

The following funds had excess actual expenditures over budgeted expenditures:

| Fund | Budget | Actual | Overage |
|---|---|---|---|
| None | $ | $ | $ 0 |

## NOTE 4 - PENSION DISCLOSURES

The following information is required to be disclosed as it relates to the pension:

- Changes of benefit terms: None

- Changes in composition of the population covered by the benefit terms: None

- Changes of assumptions: None

**SUPPLEMENTAL INFORMATION SECTION**

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal AL Number | Pass-Through Agency's Number | Cluster Amount | Total Federal Expenditure | Note 4 Expenditure to Sub-recipients |
|---|---|---|---|---|---|
| United States Department of Housing and Urban Development | | | | | |
| Pass-through Programs - | | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | 3480022010H5051 | | $ 181,871 | |
| Total United States Department of Housing and Urban Development | | | | 181,871 | |
| National Endowment for the Hummaities | | | | | |
| Pass-through Programs - | | | | | |
| Grants to States | 45.310 | 3480052101H5055 | | 3,000 | |
| Total National Endowment for the Humanities | | | | 3,000 | |
| U.S. Department of Education | | | | | |
| Pass-through Programs - | | | | | |
| Covid 19 Grants | | | | | |
| Elementary and Secondary School Emergency Relief | 84.425D | 3480052101H5055 | | 2,000 | |
| Total U.S. Department of Education | | | | 2,000 | |
| U.S. Environmental Protection Agency | | | | | |
| Pass-through Programs - | | | | | |
| Clean Water State Revolving Fund | 66.458 | WW1603 | | 2,170,630 | |
| Drinking Water State Revolving Fund | 66.468 | 2250224520h6061 | | 52,123 | |
| Total U.S. Environmental Protection Agency | | | | 2,222,753 | |
| U.S. Department of Treasury | | | | | |
| Pass-through Programs - | | | | | |
| Covid 19 Grants | | | | | |
| Coronavirus State & Local Fiscal Recovery Funds | 21.027 | 3443024520h6061 | | 36,946 | |
| Total U.S. Department of Treasury | | | | 36,946 | |
| Total | | | | $ 2,446,570 | |

See accompanying notes to Schedule of Expenditures of Federal Awards.

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

## NOTE 1 - BASIS OF PRESENTATION

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

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

R. MICHAEL BURR
Certified Public Accountant
P.O. Box 2229
Twin Falls, ID 83303-2229
(208) 736-8747

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

Honorable Mayor and City Council
City of Hagerman
Hagerman, ID 83332

January 15, 2026

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hagerman, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Hagerman's basic financial statements and have issued my report thereon dated January 15, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered City of Hagerman's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Hagerman's internal control. Accordingly, I do not express an opinion on the effectiveness of City of Hagerman'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001.

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. I consider none of the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies.

Compliance and Other Matters

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

City of Hagerman's Response to Findings

City of Hagerman's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. City of Hagerman's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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.

Sincerely,

*R. Michael Burr*

R. Michael Burr
Certified Public Accountant

R. MICHAEL BURR
Certified Public Accountant
P.O. Box 2229
Twin Falls, ID 83303-2229
(208) 736-8747

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Hagerman
Hagerman, ID 83332

January 15, 2025

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

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

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

### Basis for Opinion on Each Major Federal Program

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

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

### Responsibilities of Management for Compliance

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

**Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

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

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

**Report on Internal Control over Compliance**

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Sincerely,

*R. Michael Burr*

R. Michael Burr
Certified Public Accountant

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses a unmodified opinion on the general purpose financial statements of City of Hagerman.

2. One significant deficiency disclosed during the audit of the financial statements is reported in the Auditor's Reports on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards. Item 2024-001 of the conditions is not reported as a material weakness.

3. No instances of noncompliance material to the general purpose financial statements of City of Hagerman, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs was disclosed during the audit. No material weaknesses were reported.

5. The auditor's report on compliance for the major federal award programs for City of Hagerman expresses an unmodified opinion on all major federal programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.

7. The programs tested as major programs included:

   Clean Water State Revolving Fund 66.458

8. The threshold for distinguishing Types A and B programs was $750,000.

9. City of Hagerman was determined not to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2024-001 Segregation of Duties

*Statement of Condition*: Only two people are employed by the City in the accounting department which does not allow for a strict segregation of duties.

*Criteria*: Segregation of duties is an internal control that should be in place to provide reasonable assurance that one person does not have complete control over the entire accounting system.

*Cause*: There are not enough personnel hired to allow for a strict segregation of duties.

*Effect*: May allow for misstatement of general purpose financial statements and misuse of assets.

*Questioned Costs:* The questioned costs is not capable of being determined.

*Perspective Information:* This is a known issue with the internal control system that is expected to continue.

*Identification of Repeat Findings*: This is a repeat finding that has been going on for many years.

*Recommendation*: Hire additional staff to provide a proper segregation of duties.

*Views of Responsible Official and Planned Corrective Actions*: We concur with the recommendation. However, due to a lack of financial resources to pay for the additional staff and other controls currently in place, no action will be taken at this point.

MATERIAL WEAKNESSES

None

**CITY OF HAGERMAN**
**HAGERMAN, IDAHO**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**FOR THE YEAR ENDED September 30, 2024**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

| | Questioned Costs |
|---|---|
| None | |

# *City of Hagerman*

**P.O. Box 158**
**Hagerman, ID 83332**
**Phone 208-837-6636**

Summary Schedule of Prior Audit Findings

2023-001 Lack of Segregation of Duties

We believe that this finding applies only to the financial reporting and does not effect the federal award programs. No corrective action was taken.

# *City of Hagerman*

**P.O. Box 158**
**Hagerman, ID 83332**
**Phone 208-837-6636**

State of Idaho
Boise, Idaho

January 15, 2025

City of Hagerman respectfully submits the following corrective action plan for the year ended September 30, 2024. The name and address of the independent public accounting firm is R. Michael Burr CPA, P.O. Box 2229, Twin Falls, ID, 83301.

Audit Period: Year ended September 30, 2024

The findings from the September 30, 2024, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

A. Findings - Financial Statement Audit

**Reportable Condition - 2024-001 Segregation of Duties**

Recommendation: Hire additional staff to provide for a proper segregation of duties.

Action Taken: We agree with the findings; however, the lack of segregation of duties does not effect the federal award programs. Due to the fact that there are program directors, the federal programs have more oversight than the general financial statements do. Until sufficient funds are provided to employ additional District personnel, we will continue to have a lack of segregation of duties at the general financial statement level..

B. Findings - Federal Award Programs

**None**

If the State of Idaho has any questions, call Ashley Cook at 208-837-6636.

Sincerely

Mayor