CITY OF HAGERMAN
HAGERMAN, IDAHO
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Hagerman
Hagerman, Idaho 83332

January 15, 2026

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, 2025, 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, 2025, 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, 2025

	Governmental Activities	
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 107,742	
Restricted - Cash and Cash Equivalents	140,426	
Investments	500,570	
Restricted - Investments	214,873	
Inventory	7,180	
Net Receivables	154,784	
TOTAL CURRENT ASSETS		$ 1,125,575
NONCURRENT ASSETS		
Long-Term Receivables	$ 9,779	
Restricted - Investments		
Non-depreciated Assets		
Intangible Lease Asset (net)	6,415	
Depreciated Assets (net)	975,823	
TOTAL NONCURRENT ASSETS		992,017
TOTAL ASSETS		2,117,592
DEFERRED OUTFLOWS OF RESOURCES		
Pension Obligations	$ 13,804	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		13,804
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 28,203	
Payroll Payable	4,496	
Unearned Revenue		
Accrued Interest Payable		
Current Portion of Long-term Debt	2,345	
TOTAL CURRENT LIABILITIES		35,044
NONCURRENT LIABILITIES		
Net Pension Liability	$ 54,612	
Lease Asset Payable (net current portion)	5,697	
Bond Payable (net current portion)		
Note Payable (net current portion)		
TOTAL NONCURRENT LIABILITIES		60,309
TOTAL LIABILITIES		95,353

Business-type Activities		Total	
$ 49,917		$ 157,659	
		140,426	
1,385,859		1,886,429	
		214,873	
		7,180	
70,088		224,872	
	$ 1,505,864		$ 2,631,439
		$ 9,779	
$ 352,870		352,870	
1,808,117		1,808,117	
		6,415	
9,557,160		10,532,983	
	11,718,147		12,710,164
	13,224,011		15,341,603
$ 18,618		32,422	
	18,618		32,422
$ 7,030		$ 35,233	
480		4,976	
1,477		1,477	
4,708		4,708	
90,653		92,998	
	104,348		139,392
$ 73,658		128,270	
		5,697	
2,035,108		2,035,108	
3,416,184		3,416,184	
	5,524,950		5,585,259
	5,629,298		5,724,651

Continued

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Governmental Activities	
DEFERRED INFLOWS OF RESOURCES		
Pension Sources	$ 23,643	
TOTAL DEFERRED INFLOWS OF RESOURCES		23,643
NET POSITION		
Invested in Capital Assets, net of related debt	$ 974,196	
Restricted for:		
Street Projects	367,664	
Library	58,128	
Park	56,990	
Debt		
Unrestricted	555,422	
TOTAL NET POSITION		$ 2,012,400

See accompanying notes to the basic financial statements

Business-type Activities		Total	
$ 31,888		55,531	
	31,888		55,531
$ 7,875,435		$ 8,849,631	
		367,664	
		58,128	
		56,990	
352,870		352,870	
(646,862)		(91,440)	
	$ 7,581,443		$ 9,593,843

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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	$ 124,159			
Building Inspection	18,128	$ 17,704		
Police Department	171,542			
Animal Control	21,250			
Waste Collection	34,999	71,949		
Street Maintenance	164,772		$ 11,180	$ 160,000
Library Services	35,697		9,122	
Recreational/Park Services	17,801			
Community Service	8,068			7,287
Debt Service - Interest on Debt	435			
Total Governmental Activities	596,851	89,653	20,302	167,287
Business-Type Activities				
Waterworks	294,503	274,195		106,016
Sewer	582,143	475,501		
Total Business-Type Activities	876,646	749,696	0	106,016
Total Primary Government	$ 1,473,497	$ 839,349	$ 20,302	$ 273,303
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
$ (124,159)		$ (124,159)
(424)		(424)
(171,542)		(171,542)
(21,250)		(21,250)
36,950		36,950
6,408		6,408
(26,575)		(26,575)
(17,801)		(17,801)
(781)		(781)
(435)		(435)
(319,609)		(319,609)
	$ 85,708	85,708
	(106,642)	(106,642)
0	(20,934)	(20,934)
(319,609)	(20,934)	(340,543)
250,547		250,547
28,969		28,969
211,194		211,194
3,385		3,385
27,344		27,344
	15,200	15,200
37,560	77,307	114,867
558,999	92,507	651,506
239,390	71,573	310,963
1,773,010	7,509,870	9,282,880
$ 2,012,400	$ 7,581,443	$ 9,593,843

CITY OF HAGERMAN
HAGERMAN, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Street Fund
ASSETS		
Cash and Cash Equivalents	$ 107,742	
Restricted - Cash		$ 102,485
Investments	500,570	
Restricted - Investments		143,555
Property Taxes Receivable	5,523	2,408
Accounts Receivable	6,011	
Due From Other Governments	30,027	118,485
TOTAL ASSETS	$ 649,873	$ 366,933
LIABILITIES		
Accounts Payable	$ 26,866	$ 1,016
Payroll Payable	4,208	288
TOTAL LIABILITIES	31,074	1,304
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Property Taxes	5,378	2,347
TOTAL DEFERRED INFLOWS OF RESOURCES	5,378	2,347
FUND BALANCES		
Restricted - Street Fund		363,282
Restricted - Library Fund		
Restricted - Park Fund		
Unassigned	613,421	
TOTAL FUND BALANCES	613,421	363,282
TOTAL LIABILITIES, DEFERRED INFOWS, AND FUND BALANCES	$ 649,873	$ 366,933

See accompanying notes to the basic financial statements

Library Fund	Park Fund	Total Governmental Funds
		$ 107,742
$ 6,645	$ 31,296	140,426
		500,570
50,574	20,744	214,873
1,105	1,004	10,040
		6,011
		148,512
$ 58,324	$ 53,044	$ 1,128,174
$ 196	$ 125	$ 28,203
		4,496
196	125	32,699
1,076	978	9,779
1,076	978	9,779
		363,282
57,052		57,052
	51,941	51,941
		613,421
57,052	51,941	1,085,696
$ 58,324	$ 53,044	$ 1,128,174

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Street Fund
REVENUES		
Property Taxes	$ 150,920	$ 42,874
Property Tax Replacement	3,200	
City Highway Tax		25,769
License, Permits and Fees	5,495	
State Revenue	128,856	93,518
Building Inspection	17,704	
Court Fines	3,385	
Grant Revenue	7,287	160,000
Garbage Collection	71,949	
Franchise Fees		11,894
Other Revenue	6,577	
TOTAL REVENUES	395,373	334,055
EXPENDITURES		
Administration	182,822	
Police Enforcement	171,097	
Building Inspection	18,128	
Animal Control	21,250	
Waste Collection	34,999	
Street Maintenance		550,888
Library Services		
Recreational/Park Services		
Community Service	8,068	
TOTAL EXPENDITURES	436,364	550,888
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(40,991)	(216,833)
OTHER FINANCING SOURCES (USES)		
Investment Revenue	24,289	9,574
TOTAL OTHER FINANCING SOURCES (USES)	24,289	9,574
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(16,702)	(207,259)
FUND BALANCE - BEGINNING	630,123	570,541
FUND BALANCE - ENDING	$ 613,421	$ 363,282

See accompanying notes to the basic financial statements

Library Fund	Park Fund	Total Governmental Funds
$ 30,461	$ 27,479	$ 251,734
		3,200
		25,769
8,028		13,523
		222,374
		17,704
		3,385
2,966		170,253
		71,949
		11,894
	1,506	8,083
41,455	28,985	799,868
		182,822
		171,097
		18,128
		21,250
		34,999
		550,888
34,198		34,198
	18,475	18,475
		8,068
34,198	18,475	1,039,925
7,257	10,510	(240,057)
2,763	934	37,560
2,763	934	37,560
10,020	11,444	(202,497)
47,032	40,497	1,288,193
$ 57,052	$ 51,941	$ 1,085,696

CITY OF HAGERMAN
HAGERMAN, IDAHO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2025

Total Governmental Fund Balances		$ 1,085,696
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 $14,966, and $1,672,849 of depreciable assets net of accumulated depreciation of $711,992.	$ 982,238	
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	9,779	
Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements.	7,180	
Amounts resulting from pension liabilities as a result of GASB 68 are not recorded in the fund statements:		
-Deferred Outflows Pension Obligations	13,804	
-Deferred Inflows Pension Sources	(23,643)	
-Net Pension Liability	(54,612)	
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	(8,042)	
Net Changes		926,704
Net Position of Governmental Activities		$ 2,012,400

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, 2025

Net Change in Fund Balances - Governmental Fund Balances		$ (202,497)
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/Ammortization	$ (36,149)	
- Capital Outlay	463,398	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(1,187)	
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.	13,587	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position.	2,238	
Net Changes		441,887
Change in Net Position of Governmental Activities		$ 239,390

See accompanying notes to the basic financial statements

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Waterworks	Sewer	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 19,351	$ 30,566	$ 49,917
Investments	862,062	523,797	1,385,859
Net Receivables	23,642	46,446	70,088
TOTAL CURRENT ASSETS	905,055	600,809	1,505,864
NONCURRENT ASSETS			
Restricted Investments		352,870	352,870
Non-depreciated Assets	268,249	1,539,868	1,808,117
Capital Assets (net)	416,543	9,140,617	9,557,160
TOTAL NONCURRENT ASSETS	684,792	11,033,355	11,718,147
TOTAL ASSETS	1,589,847	11,634,164	13,224,011
DEFERRED OUTFLOWS OF RESOURCES			
Pension Obligations	9,066	9,552	18,618
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,066	9,552	18,618
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	2,610	4,420	7,030
Payroll Payable	252	228	480
Unearned Revenue	844	633	1,477
Accrued Interest Payable		4,708	4,708
Current Portion of Long-term Debt		90,653	90,653
TOTAL CURRENT LIABILITIES	3,706	100,642	104,348
NONCURRENT LIABILITIES			
Net Pension Liability	35,868	37,790	73,658
Bond Payable (net current portion)		2,035,108	2,035,108
Note/Lease Payable (net current portion)		3,416,184	3,416,184
TOTAL NONCURRENT LIABILITIES	35,868	5,489,082	5,524,950
TOTAL LIABILITIES	39,574	5,589,724	5,629,298

See accompanying notes to the basic financial statements

	Waterworks	Sewer	Total
DEFERRED INFLOWS OF RESOURCES			
Pension Sources	$ 15,528	$ 16,360	$ 31,888
TOTAL DEFERRED INFLOWS OF RESOURCES	15,528	16,360	31,888
NET POSITION			
Restricted - Debt Service		352,870	352,870
Unrestricted	1,543,811	5,684,762	7,228,573
TOTAL NET POSITION	$ 1,543,811	$ 6,037,632	$ 7,581,443

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Waterworks Fund	Sewer Fund	Total
OPERATING REVENUES			
Service Fees	$ 263,586	$ 468,501	$ 732,087
Hook-up Fees	8,025	7,000	15,025
Other Revenue	2,584		2,584
TOTAL OPERATING REVENUES	274,195	475,501	749,696
OPERATING EXPENSES			
Payroll - Administrative	56,692	52,686	109,378
Insurance	6,644	6,644	13,288
Professional Fees	16,813	21,941	38,754
Office Supplies/Expense	5,999	3,159	9,158
Bad Debts		133	133
Payroll - Operations	68,682	68,880	137,562
Supplies	11,132	18,339	29,471
Utilities - Operations	10,687	22,258	32,945
Repairs and Maintenance	7,556	5,362	12,918
Gas & Oil	2,371	2,320	4,691
Lab Fees	4,720	5,650	10,370
Training	2,123		2,123
Assessments/Studies	5,261	14,100	19,361
Depreciation	94,809	264,893	359,702
TOTAL OPERATING EXPENSES	293,489	486,365	779,854
OPERATING INCOME (LOSS)	(19,294)	(10,864)	(30,158)
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	38,212	39,095	77,307
Land Lease		15,200	15,200
Federal Grant Revenue	106,016		106,016
Interest Expense	(1,014)	(95,778)	(96,792)
TOTAL NON-OPERATING REVENUE (EXPENSES)	143,214	(41,483)	101,731
CHANGE IN NET POSITION	123,920	(52,347)	71,573
TOTAL NET POSITION - BEGINNING (Restated)	1,419,891	6,089,979	7,509,870
TOTAL NET POSITION - ENDING	$ 1,543,811	$ 6,037,632	$ 7,581,443

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, 2025

	Waterworks	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts Form Customers	$ 274,091	$ 460,627	$ 734,718
Payments to Suppliers	(78,093)	(102,805)	(180,898)
Payments to Employees	(125,374)	(121,566)	(246,940)
NET CASH PROVIDED BY OPERATING ACTIVITIES	70,624	236,256	306,880
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Interfund Borrowing (Payments)	(5,595)	5,595	0
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	(5,595)	5,595	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Capital Debt	(13,986)	(151,550)	(165,536)
Grant Proceeds	106,016		106,016
Interest Paid on Capital Debt	(1,014)	(95,778)	(96,792)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	91,016	(247,328)	(156,312)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets	(116,548)	(22,516)	(139,064)
Land Lease Proceeds		15,200	15,200
Interest	38,212	39,095	77,307
CASH FLOWS FROM INVESTING ACTIVITIES	(78,336)	31,779	(46,557)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	77,709	26,302	104,011
BALANCES - BEGINNING OF THE YEAR	803,704	880,931	1,684,635
BALANCES - END OF THE YEAR	$ 881,413	$ 907,233	$ 1,788,646
BALANCE DISPLAYED AS:			
Cash	$ 19,351	$ 30,566	$ 49,917
Investments	862,062	523,797	1,385,859
Restricted Investments	0	352,870	352,870
	$ 881,413	$ 907,233	$ 1,788,646

(Continued)

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Waterworks	Sewer	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (19,294)	$ (10,864)	$ (30,158)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivable	(104)	(14,874)	(14,978)
Increase (Decrease) in Payroll Payable	(267)	114	(153)
Increase (Decrease) in Accounts Payable	(1,190)	(2,545)	(3,735)
Increase (Decrease) in Accrued Interest Payable		3,285	3,285
Increase (Decrease) in Deferred Pension In/Outflow	(3,330)	(3,753)	(7,083)
Depreciation	94,809	264,893	359,702
Net Cash Provided (Used) by Operating Activities	$ 70,624	$ 236,256	$ 306,880
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, 2025

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, 2025.

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, 2025, the City had a carrying value of cash deposits of $298,085 and a bank balance of $315,032. Based on the above definitions, the City is subject to $65,032 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 $2,454,172 (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	$ 102,485	$ 143,555	$ 246,040
Library Fund - Capital Outlay and Operations	6,645	50,574	57,219
Park Fund - Park Maintenance	31,296	20,744	52,040
Sewer Fund - Debt Service		352,870	352,870
	$ 140,426	$ 567,743	$ 708,169

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, 2024, upon which the 2024 levy was based was $101,018,292.

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

The tax rates assessed, per $100 of valuation, for the year ended September 30, 2025, and maximum levy rates limited by Idaho Code Section 50-235 are as follows:

Type	% Rate	Maximum Rate
General	0.1367	0.9000
Street	0.0596	No Limit
Library	0.0273	0.1000
Park	0.0249	0.0600

At September 30, 2025, the components of taxes receivable are as follows:

Fund	2024	2023	2022	Total
General Fund	$ 3,375	$ 1,309	$ 839	$ 5,523
Street Fund	1,473	578	357	2,408
Library Fund	675	260	170	1,105
Park Fund	614	230	160	1,004
Total	$ 6,137	$ 2,377	$ 1,526	$ 10,040

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the September 30, 2025, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by November 30, 2025, are deferred inflows of tax revenue. The components of deferred inflows of tax revenue are as follows:

Fund	Amount
General Fund	$ 5,378
Street Fund	2,347
Library Fund	1,076
Park Fund	978
Total	$ 9,779

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, 2025, are as follows:

Description - Source	General Fund	Street Fund	Total
Highway User - State		$ 12,456	$ 12,456
Liquor Apportionment - State	$ 5,911		5,911
Revenue Share - State	24,116	6,029	
Grant Receivable		100,000	100,000
Total	$ 30,027	$ 118,485	$ 118,367

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	$ 10,809
Police	445
Library	4,154
Street	20,741
Total	$ 36,149

NOTE 7 - CAPITAL ASSET ACTIVITY (Continued)

Capital asset activity for the City's governmental functions for the year ended September 30, 2025, 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	62,075		621,953
Infrastructure	317,421	401,323		718,744
Equipment	182,096			182,096
Library	143,216			143,216
Automobiles	6,840			6,840
Subtotal	1,230,832	463,398	0	1,694,230
Less accumulated depreciation for:				
Leased Asset Amortization	(12,828)	(2,138)		(14,966)
Buildings and Improvements	(251,615)	(14,272)		(265,887)
Infrastructure	(93,493)	(14,989)		(108,482)
Equipment	(167,851)	(4,750)		(172,601)
Library	(143,216)			(143,216)
Automobiles	(6,840)			(6,840)
Subtotal	(675,843)	(36,149)	0	(711,992)
Net Depreciated Assets	554,989	427,249	0	982,238
Net Capital Assets	$ 554,989	$ 427,249	$ 0	$ 982,238

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

	Waterworks	Sewer	Total
Land	$ 4,000	$ 1,539,867	$ 1,543,867
Construction-in-process	264,249	0	264,249
Easements	0	16,821	16,821
Buildings	158,920	115,142	274,062
Equipment	182,263	229,071	411,334
Systems	2,784,853	12,768,705	15,553,558
	3,394,285	14,669,606	18,063,891
Less: Accumulated Depreciation	(2,709,493)	(3,989,121)	(6,698,614)
Net Capital Assets	$ 684,792	$ 10,680,485	$ 11,365,277

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, 2025 was as follows:

Retirees and beneficiaries currently receiving benefits	57,473
Terminated employees entitled to but not yet receiving benefits	16,875
Terminated and non-vested	41,180
Active plan members	78,746
Total	194,274

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 Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and school employees, and 72% for police and firefighters. As of June 30, 2025, the employee rate was 7.18% for general employees, 8.08% for school employees, and 10.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.96% for general employees, 13.48% for school employees, and 13.98% for police and firefighters. Police and firefighters employee and employer rates for the period from July 1, 2024 through March 31, 2025 were 10.83% and 14.65%, respectively. Effective April, 2025, employee and employer rates were changed to 10.36% and 13.98%, respectively. The City's employer contributions required and paid were $31,633, $33,034, and, $33,625 for the three years ended September 30, 2025, 2024, and 2023. respectively.

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

At September 30, 2025, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2025, 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, 2025, the City's proportion was .00530446 percent.

For the year ended September 30, 2025, the City recognized pension expense (revenue) of $(20,671). At September 30, 2025, 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	$ 24,172	$ -
Changes in assumptions or other inputs		22,556
Net difference between projected and actual earnings on pension plan investments		32,974
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	8,250	
Total	$ 32,422	$ 55,530

$8,250 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, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2025 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.6 for the measurement period June 30, 2025.

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,	
2026	$ 21,938
2027	$ (21,438)
2028	$ (19,618)
2029	$ (12,240)
Thereafter	$ -

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	2.40%
Salary Increases including Inflation	3.15%
Investment rate of return	6.55%
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, 2025 is based on the results of an actuarial valuation date July 1, 2025.

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
Large Cap	22.00%	4.75%
Small/Midcap	10.00%	4.95%
Developed ex-US Equity	11.00%	4.75%
Emerging Markets Equity	11.00%	4.95%
Core US Fixed	20.00%	2.25%
TIPS	10.00%	2.05%
Core 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 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the 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 6.55 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 (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	$ 308,619	$ 128,270	$ (19,067)

NOTE 8 - RETIREMENT PLAN (Continued)

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, 2025, the City reported payables to the defined benefit pension plan of $965.35 for legally required employer contributions and $579.54 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, 2025, are summarized below:

	Receiving Fund	Paying Fund	Amount
Due To/From:			
None			$ 0

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, 2025:

		Beginning	Issued	Retired	Ending
1.75%	Sewer DEQ Loan	$ 3,562,706		$ 104,095	3,458,611
1.625%	USDA Bond	2,130,789		47,455	2,083,334
4.695%	Intangible Lease - Copiers	10,280		2,238	8,042
3.85%	Capital Lease - Roller	13,986		13,986	0
		$ 3,812,792	$ 0	$ 167,774	$ 5,549,987

NOTE 11 - DEBT (Continued)

The annual requirements to amortize the City's debt as of September 30, 2025, 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
2026	$ 2,345		$ 328	$ 2,673
2027	2,458		215	2,673
2028	2,576		97	2,673
2029	663		5	668
	$ 8,042	$ 0	$ 645	$ 8,687

Business Type Activities:

Sewer Fund

USDA Bond	Principal	Interest	Total
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

NOTE 11 - DEBT (Continued)

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
2056	78,216	3,864	82,080
2057	79,487	2,593	82,080
2058	80,073	2,007	82,080
	$ 2,083,334	$ 625,306	$ 2,708,640

USDA Bond	Principal	Interest	Total
2026	$ 42,427	$ 34,160	$ 76,587
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

NOTE 11 - DEBT (Continued)

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	66,920	1,171	68,091
	$ 3,458,611	$ 974,939	$ 4,433,550

The first two payments of the above loan were at $80,981.39 instead of the contract amount of $75,587. Based on information from the Idaho Department of Environmental Quality, "a system issue occurred when the loan was transferred into the updated Loan and Grant Tracking System and the USDA RD interim financing payment was incorporated. This system behavior inadvertently placed the loan into repayment status and altered the loan balance by $204,415.04. Fiscal and IT staff have since corrected the system entry." This additional payment amount was treated as additional principal payment and recorded as such on the City's books.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 50,000	$ 630,123	$ 580,123
Resources (Inflows)				
Property Taxes	138,772	138,772	150,920	12,148
Property Tax Replacement	3,174	3,174	3,200	26
License, Permits and Fees	5,100	5,100	5,495	395
State Revenue	123,581	123,581	128,856	5,275
Building Inspection	10,000	10,000	17,704	7,704
Court Fines	2,600	2,600	3,385	785
Lease Revenue	4,800	4,800	5,400	600
Garbage Collection	62,260	62,260	71,949	9,689
Franchise Fees	2,000	2,000	0	(2,000)
Other Revenue	800	800	1,177	377
Federal Grants	128,564	128,564	7,287	(121,277)
Investment Revenue	15,000	15,000	24,289	9,289
Total Revenues	496,651	496,651	419,662	(76,989)
Amount Available for Appropriations	496,651	546,651	1,049,785	503,134
Charges to Appropriations (Outflows)				
Administration	130,598	180,598	182,822	(2,224)
Police Enforcement	171,097	171,097	171,097	0
Building Inspection	7,500	7,500	18,128	(10,628)
Animal Control	21,433	21,433	21,250	183
Waste Collection	34,459	34,459	34,999	(540)
Community Service	131,564	131,564	8,068	123,496
Total Charges to Appropriations	496,651	546,651	436,364	110,287
Ending Budgetary Fund Balance	$ 0	$ 0	$ 613,421	$ 613,421

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 21,429	$ 570,541	$ 549,112
Resources (Inflows)				
Property Taxes	60,500	60,500	42,874	(17,626)
State Highway Users	53,530	53,530	79,918	26,388
Other State Revenue	21,043	21,043	13,600	(7,443)
City Highway	150	150	25,769	25,619
Investment Revenue	1,000	1,000	9,574	8,574
Grants	410,000	410,000	160,000	(250,000)
Franchise Fees	12,975	12,975	11,894	(1,081)
Total Revenues	559,198	559,198	343,629	(215,569)
Amount Available for Appropriations	559,198	580,627	914,170	333,543
Charges to Appropriations (Outflows)				
Payroll and Benefits	82,092	82,092	80,893	1,199
Supplies	15,051	15,051	22,270	(7,219)
Street Repairs and Projects	442,411	463,840	425,817	38,023
Equipment Maintenance	1,500	1,500		1,500
Fuel	1,500	1,500	3,063	(1,563)
Street Lighting - Utilities	10,000	10,000	12,201	(2,201)
Liability Insurance	6,644	6,644	6,644	0
Total Charges to Appropriations	559,198	580,627	550,888	29,739
Ending Budgetary Fund Balance	$ 0	$ 0	$ 363,282	$ 363,282

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 47,032	$ 47,032
Resources (Inflows)				
Property Taxes	28,139	28,139	30,461	2,322
Fees and Donations	51,800	51,800	8,028	(43,772)
Grants	20,000	20,000	2,966	(17,034)
Investment Revenue	2,400	2,400	2,763	363
Total Revenues	102,339	102,339	44,218	(58,121)
Amount Available for Appropriations	102,339	102,339	91,250	(11,089)
Charges to Appropriations (Outflows)				
Payroll and Benefits	42,049	42,049	26,477	15,572
Administrative Costs	21,003	21,003	401	20,602
Library Materials and Expenses	1,300	1,300	884	416
Supplies	1,500	1,500	963	537
Fund Raising	2,000	2,000		2,000
Training	400	400		400
Advertising	50	50		50
Utilities	2,700	2,700	2,980	(280)
Capital Outlay	31,337	31,337	2,493	28,844
Total Charges to Appropriations	102,339	102,339	34,198	68,141
Ending Budgetary Fund Balance	$ 0	$ 0	$ 57,052	$ 57,052

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 40,497	$ 40,497
Resources (Inflows)				
Property Taxes	25,204	25,204	27,479	2,275
Rental Income	400	400	1,350	950
Other Revenue	25	25	156	131
Investment Revenue	240	240	934	694
Total Revenues	25,869	25,869	29,919	4,050
Amount Available for Appropriations	25,869	25,869	70,416	44,547
Charges to Appropriations (Outflows)				
Salaries & Benefits	7,705	7,705	7,455	250
Park Maintenance and Projects	12,939	12,939	7,942	4,997
Property Tax	225	225	225	0
Fuel	2,000	2,000	192	1,808
Utilities	3,000	3,000	2,661	339
Total Charges to Appropriations	25,869	25,869	18,475	7,394
Ending Budgetary Fund Balance	$ 0	$ 0	$ 51,941	$ 51,941

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
2025	0.0053045%	$ 128,270	$ 264,252	48.54%	90.89%
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%

Data reported is measured as of June 30, 2025

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
2025	$ 31,633	$ 31,633	$ -	$ 264,252	11.97%
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%

Data reported is measured as of September 30, 2025

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

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	$ 1,049,785	$ 914,170	$ 91,250	$ 70,416
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."	(24,289)	(9,574)	(2,763)	(934)
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(630,123)	(570,541)	(47,032)	(40,497)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 395,373	$ 334,055	$ 41,455	$ 28,985
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 436,364	$ 550,888	$ 34,198	18,475
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	$ 436,364	$ 550,888	$ 34,198	$ 18,475

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2025

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:	Inflation rate went from 2.3% to 2.4% Salary increases including inflation went from 3.05% to 3.15% Investment rate of return went from 6.35% to 6.55%.

R. MICHAEL BURR
Certified Public Accountant
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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, 2025, 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, 2026.

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 2025-001.

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

CITY OF HAGERMAN
HAGERMAN, IDAHO
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Significant Deficiency
FINDING 2025-001: Lack of Segregation of Duties

Condition: Only one person is 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 segregate the accounting functions.

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

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

Views of Responsible Officials 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 Weakness

None

Summary Schedule of Prior Audit Findings

FINDING 2024-001: Lack of Segregation of Duties	The City took no action on finding.