

CITY OF GARDEN CITY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2025

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable Mayor
and City Council
City of Garden City Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Garden City, Idaho (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Garden City, Idaho, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedules of required supplementary information for the pension on pages and 39 through 43 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2026, on our consideration of the City of Garden City, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Garden City, Idaho's internal control over financial reporting and compliance.

Zwygart John and Associates, CPAs, PLLC

Nampa, Idaho
February 4, 2026

City of Garden City, Idaho
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 8,075,476	\$ 7,992,723	\$ 16,068,199	\$ 5,509,286
Prepaid Expenses	17,157	4,320	21,477	7,238
Receivables, Net:				
Property Taxes	120,246	-	120,246	42,179
Accounts	39,804	1,178,460	1,218,264	-
Interest	54,553	-	54,553	-
Due from Other Governmental Units	471,518	153,553	625,071	-
Franchise Fees	123,515	-	123,515	-
Grants	6,939	-	6,939	-
Total Current Assets	<u>8,909,208</u>	<u>9,329,056</u>	<u>18,238,264</u>	<u>5,558,703</u>
Long-Term Assets				
Capital Assets:				
Land and Nondepreciable Infrastructure	7,611,992	399,581	8,011,573	-
Buildings, Improvements, and Equipment, Net	3,410,747	19,829,146	23,239,893	-
Total Long-Term Assets	<u>11,022,739</u>	<u>20,228,727</u>	<u>31,251,466</u>	<u>-</u>
Total Assets	<u>19,931,947</u>	<u>29,557,783</u>	<u>49,489,730</u>	<u>5,558,703</u>
Deferred Outflows				
Pension-Related Items	699,121	104,463	803,584	-
Total Deferred Outflows	<u>699,121</u>	<u>104,463</u>	<u>803,584</u>	<u>-</u>
Liabilities				
Current Liabilities				
Accounts Payable	433,763	1,779,644	2,213,407	314,378
Accrued Payroll and Taxes	315,266	6,532	321,798	-
Compensated Absences	1,503,096	185,085	1,688,181	-
Customer Deposits	-	58,770	58,770	-
Unearned Revenue	1,959,719	-	1,959,719	-
Total Current Liabilities	<u>4,211,844</u>	<u>2,030,031</u>	<u>6,241,875</u>	<u>314,378</u>
Long-Term Liabilities				
Net Pension Liability	2,845,961	425,258	3,271,219	-
Total Long-Term Liabilities	<u>2,845,961</u>	<u>425,258</u>	<u>3,271,219</u>	<u>-</u>
Total Liabilities	<u>7,057,805</u>	<u>2,455,289</u>	<u>9,513,094</u>	<u>314,378</u>
Deferred Inflows				
Pension-Related Items	1,232,055	184,100	1,416,155	-
Total Deferred Inflows	<u>1,232,055</u>	<u>184,100</u>	<u>1,416,155</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	11,022,739	20,228,727	31,251,466	-
Restricted for:				
Development Services	517,869	-	517,869	5,244,325
Unrestricted Surplus	800,600	6,794,130	7,594,730	-
Total Net Position	<u>12,341,208</u>	<u>27,022,857</u>	<u>39,366,065</u>	<u>5,244,325</u>

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
Statement of Activities
For the Year Ended September 30, 2025

	Program Revenues				Net (Expense)			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 3,779,617	\$ 1,416,131	\$ 23,758	\$ -	\$ (2,339,728)	\$ -	\$ (2,339,728)	
Public Safety	6,229,482	148,489	204,379	-	(5,876,614)	-	(5,876,614)	
Culture and Recreation	1,373,423	-	101,064	-	(1,272,359)	-	(1,272,359)	
Interest on Long-Term Debt	2,682	-	-	-	(2,682)	-	(2,682)	
Total Governmental Activities	11,385,204	1,564,620	329,201	-	(9,491,383)	-	(9,491,383)	
Business-Type Activities:								
Water and Sewer	6,831,265	8,716,515	-	643,991	-	2,529,241	2,529,241	
Sanitation	2,855,060	2,947,899	-	-	-	92,839	92,839	
Total Business-Type Activities	9,686,325	11,664,414	-	643,991	-	2,622,080	2,622,080	
Total Primary Government	\$ 21,071,529	\$ 13,229,034	\$ 329,201	\$ 643,991	(9,491,383)	2,622,080	(6,869,303)	
Component Unit								
Urban Renewal	\$ 1,015,211	\$ -	\$ -	\$ -				\$ (1,015,211)

General Revenues:				
Property Taxes	5,466,617	-	5,466,617	2,311,641
Intergovernmental	1,766,475	-	1,766,475	-
Interest	672,675	-	672,675	223,297
Other	86,597	158,334	244,931	-
Transfers	1,354,000	(1,354,000)	-	-
Total General Revenues and Special Items	9,346,364	(1,195,666)	8,150,698	2,534,938
Change in Net Position	(145,019)	1,426,414	1,281,395	1,519,727
Net Position, Beginning of Year	13,647,965	25,745,425	39,393,390	3,724,598
Prior Period Adjustment	(1,161,738)	(148,982)	(1,310,720)	-
Net Position, Beginning of Year	12,486,227	25,596,443	38,082,670	3,724,598
Net Position, End of Year	\$ 12,341,208	\$ 27,022,857	\$ 39,364,065	\$ 5,244,325

The accompanying notes are an integral part of the financial statement.

City of Garden City, Idaho
Balance Sheet - Governmental Funds
September 30, 2025

	General	Development Services	Non-Major Library Debt Service	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 7,362,439	\$ 713,037	\$ -	\$ 8,075,476
Prepaid Items	17,157	-	-	17,157
Receivables, Net:				
Property Taxes	120,246	-	-	120,246
Accounts	6,581	33,223	-	39,804
Due from Other Governments	471,518	-	-	471,518
Franchise Fees	123,515	-	-	123,515
Grants	6,939	-	-	6,939
Interest	54,553	-	-	54,553
Total Assets	\$ 8,162,948	\$ 746,260	\$ -	\$ 8,909,208
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ 208,470	\$ 225,293	\$ -	\$ 433,763
Accrued Payroll and Taxes	312,436	2,830	-	315,266
Compensated Absences Payable	58,860	268	-	59,128
Unearned Revenue	1,959,719	-	-	1,959,719
Total Liabilities	2,539,485	228,391	-	2,767,876
Deferred Inflows				
Unearned Property Tax Revenue	108,940	-	-	108,940
Total Deferred Inflows	108,940	-	-	108,940
Fund Balances				
Assigned	2,000,000	-	-	2,000,000
Nonspendable	17,157	-	-	17,157
Restricted	-	517,869	-	517,869
Unassigned	3,497,366	-	-	3,497,366
Total Fund Balances	5,514,523	517,869	-	6,032,392
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 8,162,948	\$ 746,260	\$ -	\$ 8,909,208

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2025

Total Fund Balances - Governmental Funds	\$ 6,032,392	
<p>Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:</p>		
Land, Infrastructure, and Other Assets Not Depreciated	\$ 7,611,992	
Buildings, Improvements, and Equipment,		
Net of \$5,043,637 Accumulated Depreciation	3,410,747	
		11,022,739
<p>Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are unearned in the funds.</p>		
		108,940
<p>Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the Statement of Net Position.</p>		
Compensated Absences	\$ (1,443,968)	(1,443,968)
<p>The City participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.</p>		
Net Pension Liability	\$ (2,845,961)	
Pension-Related Deferred Inflows	(1,232,055)	
Pension-Related Deferred Outflows	699,121	
		(3,378,895)
Net Position of Governmental Activities		\$ 12,341,208

The accompanying notes are an integral
 part of the financial statement.

City of Garden City, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2025

	General	Development Services	Non-Major Library Debt Service	Total Governmental Funds
Revenues				
Taxes	\$ 5,428,270	\$ -	\$ 68,218	\$ 5,496,488
Licenses and Permits	40,796	-	-	40,796
Charges for Services	6,773	718,766	-	725,539
Intergovernmental	1,766,475	-	-	1,766,475
Fines and Forfeitures	148,489	-	-	148,489
Grants	329,201	-	-	329,201
Franchise Fees	648,626	-	-	648,626
Interest	672,675	-	-	672,675
Rent	1,170	-	-	1,170
Miscellaneous	84,990	1,607	-	86,597
Total Revenues	<u>9,127,465</u>	<u>720,373</u>	<u>68,218</u>	<u>9,916,056</u>
Expenditures				
Current:				
General Government	2,693,453	1,003,190	-	3,696,643
Public Safety	5,884,545	-	-	5,884,545
Culture and Recreation	1,447,861	-	-	1,447,861
Capital Outlay	275,044	-	-	275,044
Debt Service:				
Principal	-	-	65,000	65,000
Interest	-	-	3,218	3,218
Total Expenditures	<u>10,300,903</u>	<u>1,003,190</u>	<u>68,218</u>	<u>11,372,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,173,438)</u>	<u>(282,817)</u>	<u>-</u>	<u>(1,456,255)</u>
Other Financing Resources (Uses)				
Transfers In	1,354,000	-	-	1,354,000
Total Other Financing Sources (Uses)	<u>1,354,000</u>	<u>-</u>	<u>-</u>	<u>1,354,000</u>
Net Change in Fund Balances	180,562	(282,817)	-	(102,255)
Fund Balances - Beginning	5,333,961	800,686	-	6,134,647
Fund Balances - Ending	<u>\$ 5,514,523</u>	<u>\$ 517,869</u>	<u>\$ -</u>	<u>\$ 6,032,392</u>

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2025

Total Net Change in Fund Balance - Governmental Funds \$ (102,255)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. Gains and losses on disposals are only reported in the Statement of Activities as well. In the current period these amounts are:

Capital Outlay	\$ 275,044	
Depreciation Expense	<u>(349,102)</u>	
Net		(74,058)

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as unearned tax revenues. They are, however, recorded as revenues in the Statement of Activities. (29,871)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.

Change in Accrued Interest on Long-term Debt	536
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Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. 18,080

The City participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. (22,451)

Change in Net Position of Governmental Activities	<u><u>\$ (145,019)</u></u>
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The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
Statement of Net Position - Proprietary Funds
September 30, 2025

	Water and Sewer Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 7,989,567	\$ 3,156	\$ 7,992,723
Prepaid Items	4,320	-	4,320
Customer Accounts Receivable, Net	932,725	245,735	1,178,460
Due from Other Governments	153,553	-	153,553
Total Current Assets	9,080,165	248,891	9,329,056
Long-Term Assets			
Capital Assets			
Improvements on Building and Land, Net	1,493,334	-	1,493,334
Utility Plan and Improvements, Net	16,796,770	-	16,796,770
Machinery and Equipment, Net	1,539,042	-	1,539,042
Construction in Progress	399,581	-	399,581
Total Capital Assets	20,228,727	-	20,228,727
Total Long-Term Assets	20,228,727	-	20,228,727
Total Assets	29,308,892	248,891	29,557,783
Deferred Outflows			
Pension-Related Items	104,463	-	104,463
Total Deferred Outflows	104,463	-	104,463
Liabilities			
Current Liabilities			
Accounts Payable	1,541,447	238,197	1,779,644
Accrued Payroll and Taxes	6,532	-	6,532
Compensated Absences Payable	185,085	-	185,085
Customer Deposits	52,879	5,891	58,770
Total Current Liabilities	1,785,943	244,088	2,030,031
Long-Term Liabilities			
Net Pension Liability	425,258	-	425,258
Total Long-Term Liabilities	425,258	-	425,258
Total Liabilities	2,211,201	244,088	2,455,289
Deferred Inflows			
Pension-Related Items	184,100	-	184,100
Total Deferred Inflows	184,100	-	184,100
Net Position			
Net Investment in Capital Assets	20,228,727	-	20,228,727
Unrestricted	6,789,327	4,803	6,794,130
Total Net Position	\$ 27,018,054	\$ 4,803	\$ 27,022,857

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2025

	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues			
Charges for Services	\$ 8,716,515	\$ 2,947,899	\$ 11,664,414
Miscellaneous Revenues	158,334	-	158,334
Total Operating Revenues	<u>8,874,849</u>	<u>2,947,899</u>	<u>11,822,748</u>
Operating Expenses			
Personnel Services	1,401,368	-	1,401,368
Contractual Services	3,691,499	2,855,060	6,546,559
Supplies	104,721	-	104,721
Repairs	554,084	-	554,084
Depreciation and Amortization	850,102	-	850,102
Telephone and Utilities	229,491	-	229,491
Total Operating Expenses	<u>6,831,265</u>	<u>2,855,060</u>	<u>9,686,325</u>
Operating Income	<u>2,043,584</u>	<u>92,839</u>	<u>2,136,423</u>
Nonoperating Revenues (Expenses)			
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers and Contributions	<u>2,043,584</u>	<u>92,839</u>	<u>2,136,423</u>
Transfers and Contributions			
Transfers Out	(1,274,000)	(80,000)	(1,354,000)
Contributions from Other Governmental Agencies	643,991	-	643,991
Net Transfers and Contributions	<u>(630,009)</u>	<u>(80,000)</u>	<u>(710,009)</u>
Change in Net Position	1,413,575	12,839	1,426,414
Net Position - Beginning - Previous	25,753,461	(8,036)	25,745,425
Prior Period Adjustment	(148,982)	-	(148,982)
Net Position - Beginning	<u>25,604,479</u>	<u>(8,036)</u>	<u>25,596,443</u>
Net Position - Ending	<u>\$ 27,018,054</u>	<u>\$ 4,803</u>	<u>\$ 27,022,857</u>

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2025

	Water and Sewer Fund	Sanitation Fund	Total
Cash Flows From Operating Activities			
Receipts from Customers	\$ 8,691,514	\$ 2,956,434	\$ 11,647,948
Payments to Suppliers for Goods or Services	(4,170,560)	(2,847,974)	(7,018,534)
Payments to Employees for Services	(1,387,287)	-	(1,387,287)
Net Cash Provided by Operating Activities	<u>3,133,667</u>	<u>108,460</u>	<u>3,242,127</u>
Cash Flows From Noncapital Financing Activities			
Transfers In (Out)	(1,274,000)	(80,000)	(1,354,000)
Net Cash Used in Noncapital Financing Activities	<u>(1,274,000)</u>	<u>(80,000)</u>	<u>(1,354,000)</u>
Cash Flows From Capital and Related Financing Activities			
Purchases and Construction of Capital Assets	(1,531,558)	-	(1,531,558)
Cash Contributions from Other Governmental Agencies	643,991	-	643,991
Net Cash Used in Capital and Related Financing Activities	<u>(887,567)</u>	<u>-</u>	<u>(887,567)</u>
Cash Flows From Investing Activities			
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	972,100	28,460	1,000,560
Cash and Cash Equivalents, Beginning	7,017,467	(25,304)	6,992,163
Cash and Cash Equivalents, Ending	<u>\$ 7,989,567</u>	<u>\$ 3,156</u>	<u>\$ 7,992,723</u>
Displayed As:			
Cash and Cash Equivalents	\$ 7,989,567	\$ 3,156	\$ 7,992,723
	<u>\$ 7,989,567</u>	<u>\$ 3,156</u>	<u>\$ 7,992,723</u>

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
Statement of Cash Flows - Proprietary Funds (continued)
For the Year Ended September 30, 2025

	Water and Sewer Fund	Sanitation Fund	Total
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating Income	\$ 2,043,584	\$ 92,839	\$ 2,136,423
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	850,102	-	850,102
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(183,978)	10,141	(173,837)
(Increase) Decrease in Prepaid Expenses	3,456	-	3,456
(Increase) Decrease in Deferred Outflows	47,520	-	47,520
Increase (Decrease) in Accounts Payable	405,779	7,086	412,865
Increase (Decrease) in Accrued Payroll and Benefits	3,058	-	3,058
Increase (Decrease) in Compensated Absences	7,669	-	7,669
Increase (Decrease) in Deferred Revenue	(3,366)	-	(3,366)
Increase (Decrease) in Customer Deposits	4,009	(1,606)	2,403
Increase (Decrease) in Net Pension Liability	(216,615)	-	(216,615)
Increase (Decrease) in Deferred Inflows	172,449	-	172,449
Net Cash Provided by Operating Activities	<u>\$ 3,133,667</u>	<u>\$ 108,460</u>	<u>\$ 3,242,127</u>

The accompanying notes are an integral
part of the financial statement.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Garden City (City) was incorporated May 9, 1967. The City operates under a mayor and council form of government and provides the following services as authorized by its charter: Public Safety (police), Sanitation, Culture-Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

A. Reporting Entity

The accompanying financial statements present the City and its component unit, The Garden City Urban Renewal Agency (URA) an entity for which the City is considered to derive a financial benefit. The URA is a separate and distinct legal entity and was created in 1995 in accordance with Idaho Statutes. The URA has a separate governing Board consisting of five appointed Commissioners. Of the five members of the URA Board, two are Garden City Council members and the other three are appointed from Garden City citizens at large. The City benefits financially from the contributions made by the URA to the City for the building of needed water, sewer and other facilities and correspondingly the URA is considered a discrete component unit of the City. URA financial information is presented in the accompanying financial statements in a separate column.

The complete financial statements for the URA can be obtained from City Hall, 6015 Glenwood Drive, Garden City Idaho 83714.

The City contributes to the multi-employer Public Employee Retirement System of Idaho (the System). The System is administered by the State of Idaho and the City is not the major participant in the plan; therefore, the plan financial statements are not included in this report.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses—expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any remaining governmental and enterprise funds would be aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Development Services fund.* This is a special revenue fund. The fund accounts for all revenues and expenditures associated with building permits and planning and zoning activities.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

Proprietary fund operating revenues and expenses are related to providing sanitation, water, and sewer services to the residents and businesses of the City of Garden City, Idaho and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City reports the following major enterprise funds:

- *Water and Sewer fund.* This fund accounts for the activities of the City's water and wastewater systems.
- *Sanitation fund.* This fund accounts for the operations and collections of the City's sanitation services.

Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

The City uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted.* Amounts that can be spent only for specific purposes because of the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed.* Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the budget reserve account.
- *Assigned.* Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by City Council.
- *Unassigned.* All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet as discussed as discussed above. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

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

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amount. For purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments, including restricted cash, with a maturity of three months or less when purchased to be cash equivalents. See Note 2.

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, commercial paper, corporate bonds, repurchase agreements, City coupon and local improvement district bonds.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

Investments are stated at fair value as determined by quoted market prices, except for the certificates of deposit which are non-participating contracts, and are therefore carried at amortized costs. The City pools its investment funds to maximize interest income. The City allocates interest income on investments to the various funds

based on the average balance of the net contribution of the respective fund.

Customer Services Receivables

Amounts owed to the City for customer services are due from area residents and businesses and relate to water, sewer and trash services provided by the City.

All customer services receivables are shown net of an allowance for doubtful accounts. As of September 30, 2025, there were no allowances in any of the funds.

Property Tax Calendar

Within the governmental fund financial statement, property taxes, including those within the Component Unit, are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year end. Property taxes attach as liens on properties on January 1, are levied in September and are assessed as a legally enforceable lien on October 1st of each fiscal year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20. Since the City and its Component Unit is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are not recorded as a receivable and revenue is not recorded until the fiscal year for which these revenues are to be used as a resource for payment of budgeted expenditures. The Ada County Tax Collector bills and collects taxes for the City and its Component Unit.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are shown below:

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

	Capitalization <u>Policy</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Buildings and Improvements Service Lines and	\$5,000	Straight-Line	50 Years
Land Improvements	\$5,000	Straight-Line	10 – 50 Years
Machinery and Equipment	\$5,000	Straight-Line	3 – 25 Years
Public Domain Infrastructure	\$5,000	Straight-Line	30 – 50 Years

General infrastructure assets acquired prior to October 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

The City provides vacation and sick leave to its full-time employees. Compensated absences are paid from the fund to which each employee is allocated. Earned vacation is paid to employees when taken or paid to employees or beneficiaries upon the employees' termination, retirement or death. The City does not pay earned sick pay upon the employees' termination, retirement or death. Therefore, sick pay is not accrued since the amount cannot be reasonably estimated.

Risk Management

The City is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for property and liability insurance. The City's exposure to loss from its participation in ICRMP is limited to the extent of the deductible only.

Deferred Inflows of Resources

In addition to liabilities, the statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and is not recognized as an inflow of resources (revenue) until that time. The government has two items in this category. The first arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the government funds balance sheet. The governmental funds report unavailable revenues for one source; property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item in this category arises from premiums paid for bonds (amounts paid by bond purchasers above the face value of the bonds that were issued). These amounts are deferred and recognized as an inflow of resources

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

(reduction in interest expense) over the remaining life of the bonds that were issued and gave rise to the premiums.

Bonded Indebtedness

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types recognize long-term obligations as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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.

Use of Estimates

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

Adoption of New Accounting Standards

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, in the current fiscal year. This statement establishes a single model for accounting for compensated absences. The implementation of GASB Statement No. 101 required the retroactive restatement of prior periods to apply the new provisions to all periods presented in the financial statements and related notes. The nature of the change in accounting principle is described in Note 10.

The District also early adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this standard is to enhance the effectiveness of the financial reporting model by making targeted improvements. The impact on the adoption

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2025, the carrying amount of the City's deposits was \$790,905 and the respective bank balances totaled \$869,197. \$533,972 of the bank balance was insured through the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration Insurance (NCUA).

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2025, \$335,225 of the City's deposits were not covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City. The City also had \$1,050 of petty cash on hand. The City accepts the risk of having certain cash balances above FDIC insurance.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The City is not invested in any debt instruments or investments that are rated by rating organizations. This risk is mitigated by investments that are insured by the FDIC, NCUA and by credit ratings on quality ratings of A or better.

Interest Rate Risk

Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The City is invested in certificates of deposit, overnight repurchase agreements and the State of Idaho Local Investment Pool which comply with the City's investment policy.

Investments

The City voluntarily invests in the State of Idaho Local Government Investment Pool (LGIP), which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is a part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer's Office and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. Oversight is with the Treasurer of the State of

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

Idaho and Idaho Code 67-1210A defines allowable investments. The fair value of the Agency's investment in the pool is the same as the value of the pool shares.

The Code and the City investment policy limit investments to the following general types:

- Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.
- Time deposit accounts, tax anticipation and interest-bearing notes.
- Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.
- Repurchase agreements secured by the above.

The City's investments at September 30, 2025, are summarized below:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
External Investment Pool	\$ 15,276,244	\$ 15,276,244	-
	\$ 15,276,244	\$ 15,276,244	\$ -

At year-end, cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 398,017	\$ 393,938	\$ 791,955
Investments categorized as cash	7,677,459	7,598,785	15,276,244
	\$ 8,075,476	\$ 7,992,723	\$ 16,068,199

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

3. DUE FROM OTHER GOVERNMENTAL UNITS

The following summarizes the intergovernmental receivables at September 30, 2025:

<u>Governmental Funds</u>	
<u>State of Idaho:</u>	
State Tax Commission	\$ 396,410
Liquor Distribution	46,887
<u>Urban Renewal:</u>	
Parks	7,560
<u>Ada County:</u>	
Court Revenue	15,766
<u>Other:</u>	
PD STEP	4,895
Total	<u>\$ 471,518</u>
 <u>Business-type Activities:</u>	
<u>Water & Sewer</u>	
Urban Renewal	153,553
Total	<u>\$ 153,553</u>

4. PROPERTY TAXES

The City receives tax revenue from Ada County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2025, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2025, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

5. PENSION PLAN

Plan Description

The City of Garden City, Idaho 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.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for public safety. As of June 30, 2025 it was 7.18% for general employees and 10.36% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.96% for general employees and 13.48% for police and firefighters. The City of Garden City, Idaho's contributions were \$8,315,777 the year ended September 30, 2025.

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

At September 30, 2025, the City of Garden City, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

as of June 30, 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 of Garden City, Idaho's proportion of the net pension liability was based on the City of Garden City, Idaho'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 of Garden City, Idaho's proportion was 0.13527706 percent.

For the year ended September 30, 2025, the City of Garden City, Idaho recognized pension expense (revenue) of \$857,382 . At September 30, 2025, the City of Garden City, Idaho 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	\$ 616,441	\$ -
Changes in assumptions or other inputs	-	575,235
Net difference between projected and actual earnings on pension plan investments	-	840,920
City contributions subsequent to the measurement date	187,143	-
Total	\$ 803,584	\$ 1,416,155

\$187,143 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, 2024, is 4.6 and 4.6 for the measurement period June 30, 2025.

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:

For the Year Ended September 30:	PERSI
2026	\$ 746,622
2027	(546,718)
2028	(500,313)
2029	(312,162)

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age

Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%, net of investment expense
Cost-of-living 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%
	5% of fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021
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 of 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.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

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 2025.

Asset Class	
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	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:

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
City's proportionate share of the net pension liability (asset)	\$ 7,870,570	\$ 3,271,219	\$ (486,246)

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.

6. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in accumulated vacation are as follows:

<u>Accrued Vacation Time</u>	<u>9/30/2024</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2025</u>	<u>Current</u>
Governmental Activities	\$ 360,568	\$ 315,535	\$ (287,215)	\$ 388,888	\$ 388,888
Business-type Activities	28,438	49,613	(48,525)	29,526	29,526
Total	<u>\$ 389,006</u>	<u>\$ 365,148</u>	<u>\$ (335,740)</u>	<u>\$ 418,414</u>	<u>\$ 418,414</u>

<u>Accrued Sick Leave</u>	<u>9/30/2024</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2025</u>	<u>Current</u>
Governmental Activities	\$1,161,738	\$ 216,148	\$ (263,678)	\$1,114,208	\$1,114,208
Business-type Activities	148,982	30,489	(23,912)	155,559	155,559
Total	<u>\$1,310,720</u>	<u>\$ 246,637</u>	<u>\$ (287,590)</u>	<u>\$1,269,767</u>	<u>\$1,269,767</u>

7. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, medical insurance costs, and professional liabilities.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

8. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	<u>Balance</u> <u>9/30/2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2025</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 7,611,992	\$ -	\$ -	\$ 7,611,992
Construction In Progress	15,944	-	(15,944)	-
Total Nondepreciable Assets	<u>7,627,936</u>	<u>-</u>	<u>(15,944)</u>	<u>7,611,992</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,829,558	-	-	4,829,558
Machinery and Equipment	3,498,423	290,988	(164,585)	3,624,826
Total Historical Cost	<u>8,327,981</u>	<u>290,988</u>	<u>(164,585)</u>	<u>8,454,384</u>
Less: Accumulated Depreciation				
Total Accumulated Depreciation	<u>4,859,120</u>	<u>349,102</u>	<u>(164,585)</u>	<u>5,043,637</u>
Net Depreciable Assets	<u>3,468,861</u>	<u>(58,114)</u>	<u>-</u>	<u>3,410,747</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 11,096,797</u>	<u>\$ (58,114)</u>	<u>\$ (15,944)</u>	<u>\$ 11,022,739</u>

	<u>Balance</u> <u>9/30/2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2025</u>
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Construction In Progress	\$ 94,649	\$ 304,932	\$ -	\$ 399,581
Total Nondepreciable Assets	<u>94,649</u>	<u>304,932</u>	<u>-</u>	<u>399,581</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,000,057	-	-	4,000,057
Machinery and Equipment	4,267,625	821,227	(74,961)	5,013,891
Utility, Plant, Improvements	27,598,004	405,397	-	28,003,401
Total Depreciable Assets	<u>35,865,686</u>	<u>1,226,624</u>	<u>(74,961)</u>	<u>37,017,349</u>
Less: Accumulated Depreciation				
Buildings and Improvements	2,419,340	87,383	-	2,506,723
Machinery and Equipment	3,457,868	91,942	(74,961)	3,474,849
Utility, Plant, Improvements	10,535,854	670,777	-	11,206,631
Total Accumulated Depreciation	<u>16,413,062</u>	<u>850,102</u>	<u>(74,961)</u>	<u>17,188,203</u>
Business-type Activities - Net	<u>\$ 19,547,273</u>	<u>\$ 681,454</u>	<u>\$ -</u>	<u>\$ 20,228,727</u>

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities:	
General Government	\$ 70,603
Public Safety	237,514
Culture and Recreation	40,985
	<u>\$ 349,102</u>
Business-Type Activities:	
Water	\$ 466,074
Sewer	384,028
	<u>\$ 850,102</u>

No interest has been capitalized.

9. LONG-TERM LIABILITIES

Governmental Activities – General Obligation Bonds

On December 21, 2004, the City issued \$860,000 in General Obligation bonds for the construction of the new City Hall and Library. The bonds are payable in annual principal installments varying from \$30,000 to \$65,000 through August 2025, plus interest ranging from 2.85% to 4.95% payable semi-annually. The bonds are secured by *ad valorem* taxes to be levied against all taxable property within the City.

Changes in long-term obligations for the year ended September 30, 2025, are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>	<u>9/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2025</u>	<u>Current</u>
<u>Governmental Activities</u>								
General Obligation	August 2025	3.85 - 4.95	N/A	<u>\$ 65,000</u>	<u>\$ -</u>	<u>\$(65,000)</u>	<u>\$ -</u>	<u>\$ -</u>

There was \$2,682 of interest expense for the year ended September 30, 2025. No interest was capitalized during the year.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

10. TRANSFERS

During the year ended September 30, 2025 the following transfers took place between funds:

\$ 1,274,000	From the Water and Sewer fund to the General fund for administrative and utility billing expenses
<u>80,000</u>	From the Sanitation fund to the General fund for administrative and utility billing expenses
<u>\$ 1,354,000</u>	

11. INTERNAL BALANCES

The Sanitation Fund has an internal balance of \$25,304, representing cash overdrafts covered by the Water and Sewer Fund.

12. DEFICIT NET POSITION

The Sanitation Fund had a deficit net position of \$8,036 at September 30, 2025. This is due to timing of when fees are received versus distributed for contractual services.

13. OTHER COMMITMENTS

The City has credit cards available for use with a total credit limit of \$100,000. As of September 30, 2025, \$18,471 of the available limit was in use.

14. PLEDGED REVENUES

The City has pledged a portion of future ad valorem property tax revenues to be levied against all taxable property in the City to repay \$860,000 in bonds issued in December, 2004 to finance the building of the new library and city hall. The bonds are payable solely from the property taxes. The additional property tax levy produces 100 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$0, payable through August 1, 2025. For the current year, principal and interest paid was \$68,218.

15. CONTINGENT LIABILITIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including accounts already collected, could become a liability of the City. City management believes disallowance, if any, will not be material.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

16. FUND BALANCE

The following represents the classifications of the City's fund balance for fiscal year ending September 30, 2025:

	General Fund	Development Services
Assigned		
Funds to cover operations	\$ 2,000,000	\$ -
Committed		
FEMA Flood Mitigation Study	-	-
Nonspendable		
Prepaid Expenses	17,157	-
Restricted		517,869
Unassigned	3,497,366	-
	\$ 5,514,523	\$ 517,869

17. RESTATEMENT

Adoption of GASB Statement No. 101, compensated Absences, required the restatement beginning Net Position for sick leave balances that would have been presented had the standard always been in effect. The change resulting from this restatement was \$155,559.

Fund Balance and Net Position were restated as follows:

	Business-Type Activities
Net Position, As Previously Reported	\$ 25,745,425
Decrease in Net position caused by Change in Accounting Standard	(148,982)
Net Position, Restated	\$ 25,596,443
	Government Wide
Fund Balance, As Previously Reported	\$ 13,647,965
Decrease in Net position caused by Change in Accounting Standard	(1,161,738)
Fund Balance, Restated	\$ 12,486,227

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

18. COMPONENT UNIT

The Garden City Urban Renewal Agency (Agency) is a separate and distinct legal entity of the City of Garden City (City) created by and existing under the Idaho Urban Renewal Law of 1965, as amended. The Directors for the Agency are appointed by the Mayor and approved by the City Council. The Agency provides urban renewal services for the citizens of the City.

The following is a summary of the disclosures required for a fair presentation of the component unit in the City's financial statements.

Nature and amount of significant transactions with the City of Garden City

For the year ended September 30, 2025 the Agency reimbursed \$877,726 for improvements and equipment.

Cash and Cash Equivalents

At year-end, the carrying amount of the Agency's deposits was \$66,446 and the respective bank balances totaled \$457,881. All of the total bank balance was insured or collateralized with the pooled securities held by the pledging institution in the name of the District.

The Agency also voluntarily invests in the State of Idaho Local Government Investment Pool (LGIP), which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is a part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer's Office

and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. Oversight is with the Treasurer of the State of Idaho and Idaho Code 67- 1210A defines allowable investments. The fair value of the Agency's investment in the pool is the same as the value of the pool shares.

As of September 30, 2025, the amount of deposits invested in cash equivalents include:

Investment Type	Maturities	Fair Value
Cash Equivalents		\$ 66,446
External Investment Pool	N/A	5,442,840
		\$ 5,509,286

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2025

Interest Rate Risk. The Agency's formal policy is to invest only in vehicles with maturities of one year or less to mitigate exposure to fair value losses caused by changing interest rates.

Credit Risk and Custodial Credit Risk. In the event of a bank failure, the Agency's deposits may not be returned or that an issuer or other counter party to an investment

will not fulfill its obligations. The Agency's formal policy is to only deposit in banks that are FDIC insured and only invest in A grade or higher vehicles for collateralization.

Concentration of Credit Risk. When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Agency has no policy to analyze the benefits of diversification against its costs for each investment. If diversification is considered impracticable, the Agency accepts the risk associated with that concentration. However, the Agency will separate enterprise fund deposits from general fund deposits through the use of different investment vehicles. Idaho Code 67-2739 does limit the total deposits of a state depository.

REQUIRED SUPPLEMENTARY INFORMATION

City of Garden City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final		
Revenues					
Taxes	\$ 5,451,443	\$ -	\$ 5,451,443	\$ 5,428,270	\$ (23,173)
Licenses and Permits	32,000	-	32,000	40,796	8,796
Charges for Services	12,950	-	12,950	6,773	(6,177)
Intergovernmental	3,238,351	-	3,238,351	1,766,475	(1,471,876)
Fines and Forfeitures	152,000	-	152,000	148,489	(3,511)
Grants	352,761	-	352,761	329,201	(23,560)
Franchise Fees	663,000	-	663,000	648,626	(14,374)
Interest	500,000	-	500,000	672,675	172,675
Rent	750	-	750	1,170	420
Miscellaneous	30,300	-	30,300	84,990	54,690
Total Revenues	<u>10,433,555</u>	<u>-</u>	<u>10,433,555</u>	<u>9,127,465</u>	<u>(1,306,090)</u>
Expenditures					
Current:					
General Government	4,237,182	-	4,237,182	2,693,453	1,543,729
Public Safety	6,114,317	-	6,114,317	5,884,545	229,772
Culture and Recreation	1,471,056	-	1,471,056	1,447,861	23,195
Capital Outlay	265,000	-	265,000	275,044	(10,044)
Total Expenditures	<u>12,087,555</u>	<u>-</u>	<u>12,087,555</u>	<u>10,300,903</u>	<u>1,786,652</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,654,000)</u>	<u>-</u>	<u>(1,654,000)</u>	<u>(1,173,438)</u>	<u>480,562</u>
Other Financing Sources (Uses)					
Transfers In	1,354,000	-	1,354,000	1,354,000	-
Total Other Financing Sources (Uses)	<u>1,354,000</u>	<u>-</u>	<u>1,354,000</u>	<u>1,354,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>180,562</u>	<u>480,562</u>
Fund Balances - Beginning	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>3,333,961</u>	<u>3,033,961</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,514,523</u>	<u>\$ 3,514,523</u>

City of Garden City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Development Services
 For the Year Ended September 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Amendment	Final		
Revenues					
Charges for Services	\$ 475,000	\$ -	\$ 475,000	\$ 718,766	\$ 243,766
Miscellaneous	4,500	-	4,500	1,607	(2,893)
Total Revenues	<u>479,500</u>	<u>-</u>	<u>479,500</u>	<u>720,373</u>	<u>240,873</u>
Expenditures					
Current:					
General Government	1,023,411	-	1,023,411	1,003,190	20,221
Total Expenditures	<u>1,023,411</u>	<u>-</u>	<u>1,023,411</u>	<u>1,003,190</u>	<u>20,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(543,911)</u>	<u>-</u>	<u>(543,911)</u>	<u>(282,817)</u>	<u>261,094</u>
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(543,911)</u>	<u>-</u>	<u>(543,911)</u>	<u>(282,817)</u>	<u>261,094</u>
Fund Balances - Beginning	<u>543,911</u>	<u>-</u>	<u>543,911</u>	<u>800,686</u>	<u>256,775</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,869</u>	<u>\$ 517,869</u>

City of Garden City, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2025

1. **BUDGETS AND BUDGETARY ACCOUNTING**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the Department Heads, the City Treasurer, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain landowner and resident comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any non-enterprise fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

2. **Actual Budget Results**

BUDGETARY REVENUES

Variance – final budget to actual

General Fund

The council budgets for some larger project to be funded by the Garden City Urban Renewal Agency, but the Agency was unable to complete the project. This caused Intergovernmental revenue to be under budget by \$1,471,876.

The interest rates were higher than anticipated at the time the budget was prepared. This caused the Interest revenue to be over budget by \$172,675.

Development Services Fund

The Charges for Services are based on number and value of the projects and on the time of when the permits are pulled. As there were more projects than anticipated, the Charges for Services revenue exceeded the budget by \$243,766.

BUDGETARY EXPENDITURES

Variance – final budget to actual

General Fund

The Garden City Urban Renewal Agency projects were not completed as anticipated. This caused the General Government expenses to be under budget by \$1,543,729.

Due to the difficulty in getting the Police Department fully staffed, the Public Safety expenses were under budget by \$229,772.

Development Services Fund

The department was anticipating some part-time work by an intern. Due to the inability to find on-going applicants, the General Government expenses were less than the budgeted amount by \$20,221.

City of Garden City, Idaho
Schedules of Required Supplementary Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

Year	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered-Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.1352771%	\$ 3,271,219	\$ 6,316,425	51.79%	90.89%
2024	0.1319956%	4,937,486	6,060,697	81.47%	85.54%
2023	0.1445084%	5,766,854	5,850,696	98.57%	83.83%
2022	0.1381155%	5,440,035	5,304,850	102.55%	83.09%
2021	0.1369942%	(108,195)	5,135,982	(2.11%)	100.36%
2020	0.1381311%	3,207,587	4,902,324	65.43%	88.22%
2019	0.1324868%	1,512,300	4,546,001	33.27%	93.79%
2018	0.1337884%	1,973,402	4,284,411	46.06%	91.69%
2017	0.1348082%	2,118,953	4,122,527	51.40%	90.68%
2016	0.1448303%	2,935,933	4,324,701	67.89%	87.26%

Data reported is measured as of June 30, 2025.

Schedule of City Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2025	\$ 831,577	\$ 831,577	\$ -	\$ 6,316,425	13.17%
2024	753,309	753,309	-	6,060,697	12.43%
2023	709,671	709,671	-	5,850,696	12.13%
2022	666,447	666,447	-	5,304,850	12.56%
2021	622,296	622,296	-	5,135,982	12.12%
2020	593,891	593,891	-	4,902,324	12.11%
2019	527,930	527,930	-	4,546,001	11.61%
2018	492,284	492,284	-	4,284,411	11.49%
2017	473,860	473,860	-	4,122,527	11.49%
2016	496,980	496,980	-	4,324,701	11.49%

Data reported is measured as of September 30, 2025.

FEDERAL REPORT



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

16130 North Merchant Way, Suite 120 ♦ Nampa, Idaho 83687

Phone: 208-459-4649 ♦ FAX: 208-229-0404

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Honorable Mayor
and City Council
City of Garden City, Idaho

We 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, the discretely presented component unit, each major fund, and the remaining fund information of the City of Garden City, Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Garden City, Idaho's basic financial statements and have issued our report thereon dated February 4, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Zwygart John and Associates, CPAs, PLLC

Nampa, Idaho
February 4, 2026