

**City of Kootenai**  
**Audited Financial Statements**

YEAR ENDED SEPTEMBER 30, 2024

# City of Kootenai

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Financial Section

Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Kootenai  
Kootenai, Idaho

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

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Kootenai'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 information on pages 24-25 and the schedules of employer's share of net pension liability and employer contributions on page 26 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 the management's discussion and analysis (MD&A) 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## **INDEPENDENT AUDITOR'S REPORT (CONCLUDED)**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2025, on our consideration of the City of Kootenai's internal control over financial reporting and on our tests of its compliance with certain provisions, 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's internal control over financial reporting and compliance.

*Scott P. Hoover, CPA*

Scott P. Hoover, CPA, PLLC  
Liberty Lake, WA

April 2, 2025

## Financial Section

### Basic Financial Statements

**City of Kootenai**

**STATEMENT OF NET POSITION  
September 30, 2024**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,142,236	\$ -	\$ 2,142,236
Certificates of deposit	574,231	-	574,231
Receivables:			
Property taxes	441	-	441
Highway user	12,668	-	12,668
Intergovernmental receivables	37,588	-	37,588
Franchise fees receivable	5,597	-	5,597
Interest receivable	1,289	-	1,289
Other receivables	611	-	611
Prepaid expenses	2,139	-	2,139
Capital assets:			
Land and construction in progress	112,668	-	112,668
Capital assets, net of accumulated depreciation	1,421,636	-	1,421,636
Total assets	4,311,104	-	4,311,104
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	15,686	-	15,686
Total deferred outflows of resources	15,686	-	15,686
<b>LIABILITIES</b>			
Accounts payable	8,702	-	8,702
Compensated absences payable	1,398	-	1,398
Non-current liabilities:			
Net pension liability	71,230	-	71,230
Total liabilities	81,330	-	81,330
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	1,293	-	1,293
Total deferred inflows of resources	1,293	-	1,293
<b>NET POSITION</b>			
Net investment in capital assets	1,534,304	-	1,534,304
Restricted - grant funds	1,860,310	-	1,860,310
Unrestricted	849,553	-	849,553
Total net position	\$ 4,244,167	\$ -	\$ 4,244,167

The accompanying "Notes to the Financial Statements" are an integral part of this statement.



City of Kootenai

STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 169,490	\$ -	\$ -	\$ -	\$ (169,490)	\$ -	\$ (169,490)
Planning and zoning	32,182	15,629	-	-	(16,553)	-	(16,553)
Law enforcement	-	-	-	-	-	-	-
Highways and Streets	89,695	-	-	1,700,000	1,610,305	-	1,610,305
Pension plan expense	20,432	-	-	-	(20,432)	-	(20,432)
Total governmental activities	<u>311,799</u>	<u>15,629</u>	<u>-</u>	<u>1,700,000</u>	<u>1,403,830</u>	<u>-</u>	<u>1,403,830</u>
Business-type activities:							
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 311,799</u>	<u>\$ 15,629</u>	<u>\$ -</u>	<u>\$ 1,700,000</u>	<u>1,403,830</u>	<u>-</u>	<u>1,403,830</u>
General revenues:							
Property taxes					125,357	-	125,357
Penalties, interest, and fines					409	-	409
Other governmental revenues					279,186	-	279,186
Franchise fees					25,207	-	25,207
Interest earnings					42,155	-	42,155
Rental income					3,640	-	3,640
Total general revenues					<u>475,954</u>	<u>-</u>	<u>475,954</u>
Change in net position					1,879,784	-	1,879,784
Net position- beginning					<u>2,364,383</u>	<u>-</u>	<u>2,364,383</u>
Net position- ending					<u>\$ 4,244,167</u>	<u>\$ -</u>	<u>\$ 4,244,167</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**City of Kootenai**

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
September 30, 2024**

	<b>General Fund</b>	<b>Street Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 438,392	\$ 1,703,844	\$ 2,142,236
Certificates of deposit	574,231	-	574,231
Receivables:			
Property taxes	441	-	441
Highway user	-	12,668	12,668
Intergovernmental receivables	37,588	-	37,588
Franchise fees receivable	5,597	-	5,597
Interest receivable	1,289	-	1,289
Other receivables	611	-	611
Prepaid expenses	2,139	-	2,139
Due from other funds	97,988	-	97,988
Total assets	<u>\$ 1,158,276</u>	<u>\$ 1,716,512</u>	<u>\$ 2,874,788</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,906	\$ 6,796	\$ 8,702
Due to other funds	-	97,988	97,988
Total liabilities	<u>1,906</u>	<u>104,784</u>	<u>106,690</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue- property taxes	441	-	441
Total deferred inflows of resources	<u>441</u>	<u>-</u>	<u>441</u>
<b>FUND BALANCES</b>			
Nonspendable- prepaids	2,139	-	2,139
Restricted - grant funds	156,466	1,703,844	1,860,310
Unassigned	997,324	(92,116)	905,208
Total fund balances	<u>1,155,929</u>	<u>1,611,728</u>	<u>2,767,657</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,158,276</u>	<u>\$ 1,716,512</u>	<u>\$ 2,874,788</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

City of Kootenai

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

Total fund balances - Governmental Funds, September, 30, 2024		\$ 2,767,657
Cost of capital assets, September 30, 2024	\$ 2,089,689	
Less: Accumulated depreciation as of September 30, 2024	<u>(555,385)</u>	
		1,534,304
Elimination of unavailable revenue- property taxes		441
Accrued compensated absences liability		(1,398)
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
City's proportionate share of collective deferred outflows of resources		15,686
Proportionate share of collective deferred inflows of resources		(1,293)
City's proportionate share of the net pension liability		<u>(71,230)</u>
Net position, September 30, 2024		<u>\$ 4,244,167</u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**City of Kootenai**

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

	<b>General Fund</b>	<b>Street Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$ 72,206	\$ 53,258	\$ 125,464
Penalties, interest, and fines	303	106	409
Rental income	3,640	-	3,640
Other governmental	151,240	127,946	279,186
Licenses and permits	14,429	1,200	15,629
Franchise fees	25,207	-	25,207
Interest income	16,641	25,514	42,155
Grants and contributions	-	1,700,000	1,700,000
Total revenues	<u>283,666</u>	<u>1,908,024</u>	<u>2,191,690</u>
<b>EXPENDITURES</b>			
Current:			
General government	166,478	-	166,478
Planning and zoning	32,182	-	32,182
Highways and streets	-	56,160	56,160
Capital outlay	-	380,641	380,641
Total expenditures	<u>198,660</u>	<u>436,801</u>	<u>635,461</u>
Net change in fund balances	85,006	1,471,223	1,556,229
Fund balance- beginning	<u>1,070,923</u>	<u>140,505</u>	<u>1,211,428</u>
Fund balance- ending	<u><u>\$ 1,155,929</u></u>	<u><u>\$ 1,611,728</u></u>	<u><u>\$ 2,767,657</u></u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

City of Kootenai

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

Total net changes in fund balances for the year ended September 30, 2024	\$ 1,556,229
Add: Capital outlay, which is considered expenditures	380,641
Less: Depreciation expense for the year ended September 30, 2024	(47,765)
Less: Difference between revenue earned on property taxes on modified- accrual basis versus revenue on property taxes on accrual basis	(107)
Add: Decrease in accrued compensated absences	994
Less: Change in net pension liability	<u>(10,208)</u>
Change in net position for the year ended September 30, 2024	<u><u>\$ 1,879,784</u></u>

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Kootenai is an incorporated city of the State of Idaho. The City operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (law enforcement), streets, recreation, and general administrative services.

The City's financial statements are prepared in accordance with United States generally accepted accounting principles (GAAP as applicable to governments. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Government Accounting Standards Board (GASB). As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

#### **A. Reporting Entity**

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

The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based on the application of these criteria, the City of Kootenai does not have any component units.

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### C. Basis of Presentation- Fund Financial Statements

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain city functions or activities. The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, if applicable, each displayed in a separate column. Major individual governmental funds and enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

Street Fund - The street fund accounts for the financial resources of the City as they related to the maintenance and operation of the streets within the City.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

##### D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### D. Measurement Focus and Basis of Accounting (Concluded)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

##### E. Cash Equivalents and Short-term Investments

In the general fund, cash received by the City is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements.

For presentation in the financial statements, investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. The City has also invested some of its cash reserves in certificates of deposit. The CD's have an original maturity ranging from 60 months to 6 months. Accordingly, the CD balances are not presented as cash equivalents, but are presented as current assets separate from cash and cash equivalents.

##### F. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, etc.), are generally a result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,500. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure	10 - 50 years
Buildings and improvements	15 - 40 years
Equipment	5 - 15 years



## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **G. Compensated Absences**

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

The entire compensated absence liability is reported on the government-wide financial statements.

##### **H. Accrued Liabilities and Long-term Obligations**

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

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

##### **I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises only under a modified-accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source - property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The City has one type of item, which arises under full-accrual basis of accounting that qualifies for reporting in this category. Accordingly, the City's proportionate share of collective deferred pension inflows of resources is reported only on the government-wide statement of net position.

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### J. Net Position Flow Assumption

Net position represents the difference between assets and liabilities. Net investment in capital assets (net of any related debt) consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

##### K. Fund Balance Classifications

Fund Balance Reserves – The City has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The City reports the following classifications as applicable:

Non-spendable Fund Balance – Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the City can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the City Council. Amounts in the committed fund balance classification may be used for other purposes with the appropriate due process by the City Council. Committed fund balances differ from restricted fund balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

##### **K. Fund Balance Classifications (Concluded)**

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g., a budget or finance committee) or official to which the City Council have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the City itself.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

##### **L. Fund Balance Flow Assumptions**

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

##### **M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

##### **N. Property Taxes**

The City's property tax is levied each November on the assessed value listed as of the prior September for all property located in the City. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and June.

##### **O. 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.

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

##### Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was not amended in the current fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The City publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to October 1, the budget is adopted by resolution of the City Council and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

#### NOTE 3: CASH AND CASH EQUIVALENTS

##### General:

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

##### Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the City's deposits and investments may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2024, the carrying amount for the City's deposits is \$2,716,467 and the bank balance is \$2,747,244. As of September 30, 2024, the City's deposits were exposed to custodial credit risk as follows:

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 3: CASH AND CASH EQUIVALENTS (Concluded)

Deposits without exposure to custodial credit risk:

Deposits:

Amounts insured by the FDIC	\$ 500,000
	500,000

Deposits with exposure to custodial credit risk:

Uninsured	2,247,244
-----------	-----------

Total deposits	\$ 2,747,244
----------------	--------------

Cash and short-term investments at September 30, 2024 consist of the following:

Deposits with financial institutions	\$ 2,716,467
	\$ 2,716,467

#### 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, injuries to employees and natural disasters. The City contracts with an insurance company for property insurance and general liability insurance.

#### NOTE 5: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Government activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 90,161	\$ -	\$ -	\$ -	\$ 90,161
Construction in progress	47,669	380,641	-	(405,803)	22,507
Total capital assets, not being depreciated	137,830	380,641	-	(405,803)	112,668
Capital assets, being depreciated:					
Equipment	167,496	-	-	-	167,496
Buildings and improvements	47,386	-	-	-	47,386
Infrastructure	1,356,336	-	-	405,803	1,762,139
Total capital assets being depreciated	1,571,218	-	-	405,803	1,977,021
Less accumulated depreciation for:					
Equipment	98,215	4,101	-	-	102,316
Buildings and improvements	16,972	2,236	-	-	19,208
Infrastructure	392,433	41,428	-	-	433,861
Total accumulated depreciation	507,620	47,765	-	-	555,385
Total capital assets, being depreciated, net	1,063,598	(47,765)	-	405,803	1,421,636
Governmental activities capital assets, net	\$ 1,201,428	\$ 332,876	\$ -	\$ -	\$ 1,534,304

**City of Kootenai**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2024**

**NOTE 5: CAPITAL ASSETS (Concluded)**

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$ 14,230
Highways and streets	<u>33,535</u>
	<u><u>\$ 47,765</u></u>

**NOTE 6: CHANGES IN LONG-TERM DEBT**

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

	Balance 10/1/2023	Additions	Decreases	Balance 9/30/2024	Due Within One Year
Government Activities:					
Net pension liability	\$ 77,537	\$ -	\$ 6,307	\$ 71,230	\$ -
Accrued compensated absences	<u>2,392</u>	<u>-</u>	<u>994</u>	<u>1,398</u>	<u>-</u>
Total	<u><u>\$ 79,929</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,301</u></u>	<u><u>\$ 72,628</u></u>	<u><u>\$ -</u></u>

**NOTE 7: PENSION PLAN**

*Plan Description*

The City of Kootenai 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](http://www.persi.idaho.gov).

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

*Pension Benefits*

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

**City of Kootenai**

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

**NOTE 7: PENSION PLAN (CONTINUED)**

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 74% for public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 12.26% for public safety. The City's contributions were \$10,224 for the year ended September 30, 2024.

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

At September 30, 2024, the City of Kootenai reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.00190421 percent.

For the year ended September 30, 2024, the City recognized pension expense of \$20,432. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 11,340	\$ -
Changes in assumptions or other inputs	2,822	-
Net difference between projected and actual earnings on pension plan investments	-	1,293
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City's contributions subsequent to the measurement date	1,524	-
Total	\$ 15,686	\$ 1,293

## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 7: PENSION PLAN (CONTINUED)

\$1,524 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 position 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, 2022, the beginning of the measurement period ended June 30, 2023 is 4.6 years and 4.6 years for the measurement period June 30, 2024.

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

**Year Ending  
September 30,**

2025	3,516
2026	13,281
2027	(2,290)
2028	(1,638)

#### *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, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

#### **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%



## City of Kootenai

### NOTES TO THE FINANCIAL STATEMENTS September 30, 2024

#### NOTE 7: PENSION PLAN (CONTINUED)

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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

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

#### Capital Market Assumptions

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.00%	0.0%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

#### *Discount Rate*

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

**City of Kootenai**

**NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2024**

**NOTE 7: PENSION PLAN (CONCLUDED)**

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

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

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability	\$ 135,359	\$ 71,230	\$ 18,853

*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](http://www.persi.idaho.gov).

*Payables to the pension plan*

At September 30, 2024, the City of Kootenai had no payables outstanding to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**NOTE 8: RESTRICTED FUND BALANCE AND NET POSITION**

During fiscal year ending September 30, 2021, the City received \$105,182 in ARPA funding. During fiscal year ending September 30, 2022, the City received a second round of ARPA funding in the same amount. As of September 30, 2024, the City has expended \$53,898 in APRA funds to date, leaving \$156,466 in unexpended ARPA funds. Accordingly, these funds have been presented as restricted fund balance in the accompanying governmental funds balance sheet and statement of net position. The remaining ARPA funds must be expended by December 31, 2026.

During fiscal year ending September 30, 2024, the City received \$1,700,000 in grant funds from the state of Idaho for a street project (Railroad Ave.). The City established a dedicated bank account to hold the funds, and earned approximately \$23,000 in interest during fiscal 2024, adding to the balance. During fiscal 2024, the City expended approximately \$22,500 of the funds for initial planning and design services related to the project. As of September 30, 2024, the City's dedicated bank account for the award had a balance of \$1,703,844. Accordingly, the remaining unspent funds of \$1,703,844 are presented as restricted fund balance in the accompanying governmental funds balance sheet and statement of net position.

**City of Kootenai**

**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2024**

**NOTE 9: EXPENDITURES IN EXCESS OF BUDGET**

Total actual expenditures in the Street fund for the fiscal year ended September 30, 2024 exceed total budgeted expenditures by \$10,451. The excess was attributable, generally, to the timing of capital outlay expenditures on the City's ongoing street capital projects during the fiscal year.

Financial Section

Required Supplementary Information

**City of Kootenai**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2024**

	<b>Original* Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>			
Property taxes	\$ 65,000	\$ 72,206	\$ 7,206
Penalties, interest, and fines	-	303	303
Rental income	3,000	3,640	640
Other governmental	125,000	151,240	26,240
Licenses and permits	18,825	14,429	(4,396)
Franchise fees	21,000	25,207	4,207
Interest income	-	16,641	16,641
Total revenues	<u>232,825</u>	<u>283,666</u>	<u>50,841</u>
<b>EXPENDITURES</b>			
Current:			
General government	435,714	166,478	269,236
Planning and zoning	72,650	32,182	40,468
Law enforcement	20,000	-	20,000
Capital outlay	38,412	-	38,412
Total expenditures	<u>566,776</u>	<u>198,660</u>	<u>368,116</u>
Net change in fund balance	(333,951)	85,006	418,957
Fund balance- beginning	<u>333,951</u>	<u>1,070,923</u>	<u>736,972</u>
Fund balance- ending	<u>\$ -</u>	<u>\$ 1,155,929</u>	<u>\$ 1,155,929</u>

\* Budget was not amended

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

**City of Kootenai**

**STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
For the Year Ended September 30, 2024**

	<b>Original* Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance With Final Budget</b>
<b>REVENUES</b>			
Property taxes	\$ 43,000	\$ 53,258	\$ 10,258
Penalties, interest, and fines	-	106	106
Other governmental	47,300	127,946	80,646
Licenses and permits	-	1,200	1,200
Interest income	-	25,514	25,514
Grant revenues	-	1,700,000	1,700,000
Total revenues	<u>90,300</u>	<u>1,908,024</u>	<u>1,817,724</u>
<b>EXPENDITURES</b>			
Current:			
Highways and streets	86,350	56,160	30,190
Capital outlay	<u>340,000</u>	<u>380,641</u>	<u>(40,641)</u>
Total expenditures	<u>426,350</u>	<u>436,801</u>	<u>(10,451)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(336,050)</u>	<u>1,471,223</u>	<u>1,807,273</u>
Fund balance- beginning	<u>336,050</u>	<u>140,505</u>	<u>(195,545)</u>
Fund balance- ending	<u>\$ -</u>	<u>\$ 1,611,728</u>	<u>\$ 1,611,728</u>

\* Budget was not amended

The accompanying "Notes to the Financial Statements"  
are an integral part of this statement.

**City of Kootenai**

**Schedule of Employer's Share of Net Pension Liability  
PERSI - Base Plan  
Last 10 - Fiscal Years \***

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's portion of the net pension liability (asset)	0.00190%	0.00194%	0.00150%	0.00142%	0.00152%	0.00159%	0.00168%	0.00166%	0.00135%	0.00130%
Employer's proportionate share of the net pension liability (asset)	\$ 71,230	\$ 77,537	\$ 59,184	\$ (1,123)	\$ 35,343	\$ 18,096	\$ 24,767	\$ 26,091	\$ 27,375	\$ 17,176
Employer's covered-employee payroll	\$ 79,030	\$ 96,375	\$ 64,090	\$ 53,414	\$ 54,828	\$ 53,784	\$ 53,885	\$ 51,828	\$ 45,373	\$ 40,156
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90%	80%	92%	-2%	64%	34%	46%	50%	60%	43%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

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

Date reported is measured as of June 30.

**Schedule of Employer Contributions  
PERSI - Base Plan  
Last 10 - Fiscal Years \***

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily required contribution	\$ 10,224	\$ 11,286	\$ 7,703	\$ 6,378	\$ 6,487	\$ 6,174	\$ 6,521	\$ 5,597	\$ 4,014	\$ 4,266
Contributions in relation to the statutorily required contribution	\$ (10,224)	\$ (11,286)	\$ (7,703)	\$ (6,378)	\$ (6,487)	\$ (6,174)	\$ (6,198)	\$ (5,915)	\$ (4,532)	\$ (4,190)
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 323	\$ (318)	\$ (518)	\$ 76
Employer's covered-employee payroll	\$ 79,030	\$ 96,375	\$ 64,090	\$ 53,414	\$ 54,828	\$ 53,784	\$ 53,885	\$ 51,828	\$ 45,373	\$ 40,156
Contributions as a percentage of covered-employee payroll	12.94%	11.71%	12.02%	11.94%	11.83%	11.48%	12.10%	10.80%	8.85%	10.62%

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

Date reported is measured as of September 30.

## Report Required by the GAO





**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***

**Independent Auditor's Report**

Honorable Mayor and City Council  
City of Kootenai  
Kootenai, 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, each major fund, and the aggregate remaining fund information of the City of Kootenai, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Kootenai's basic financial statements and have issued our report thereon dated April 2, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Kootenai's internal control over financial reporting (Internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 Kootenai's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**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 (CONCLUDED)***

**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.

*Scott P. Hoover, CPA*

Scott P. Hoover, CPA, PLLC

April 2, 2025