

CITY OF COUNCIL, 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
Council, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Council, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, 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, the schedule of the City's proportionate share of the net pension liability (asset), and the schedule of City contributions on pages 33 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The supplemental schedules of revenues by source and expenditures by object for the General fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules of revenues by source and expenditures by object for the General fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules of revenues by source and expenditures by object for the General fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Zwyzart John & Associates, CPAs, PLLC

Nampa, Idaho
January 20, 2026

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 829,875	\$ 2,738,036	\$ 3,567,911
Property Taxes Receivable	13,359	-	13,359
Accounts Receivable	2,617	68,721	71,338
Grants Receivable	1,312,337	-	1,312,337
Prepaid Expenses	58,493	5,151	63,644
Due From Other Governments	28,623	-	28,623
Total Current Assets	<u>2,245,304</u>	<u>2,811,908</u>	<u>5,057,212</u>
Long-Term Assets			
Restricted Cash	-	141,000	141,000
Capital Assets			
Land	501,379	-	501,379
Construction in Progress	-	1,929,117	1,929,117
Buildings and Improvements, Net	1,328,938	7,100,968	8,429,906
Equipment, Net	87,580	171,178	258,758
Total Capital Assets	<u>1,917,897</u>	<u>9,201,263</u>	<u>11,119,160</u>
Total Long-Term Assets	<u>1,917,897</u>	<u>9,342,263</u>	<u>11,260,160</u>
Total Assets	<u>4,163,201</u>	<u>12,154,171</u>	<u>16,317,372</u>
Deferred Outflows			
Pension Related Items	7,681	16,322	24,003
Total Deferred Outflows	<u>7,681</u>	<u>16,322</u>	<u>24,003</u>
Liabilities			
Current Liabilities			
Accounts Payable	1,370,517	32,112	1,402,629
Salaries Payable	4,768	5,340	10,108
Current Portion of Notes Payable	-	85,335	85,335
Accrued Interest	-	38,080	38,080
Compensated Absences	10,795	13,836	24,631
Deposits Payable	-	22,200	22,200
Total Current Liabilities	<u>1,386,080</u>	<u>196,903</u>	<u>1,582,983</u>
Long-Term Liabilities			
Notes Payable	-	3,762,730	3,762,730
Net Pension Liability	30,666	65,164	95,830
Total Long-Term Liabilities	<u>30,666</u>	<u>3,827,894</u>	<u>3,858,560</u>
Total Liabilities	<u>1,416,746</u>	<u>4,024,797</u>	<u>5,441,543</u>
Deferred Inflows			
Pension Related Items	13,276	28,212	41,488
Total Deferred Inflows	<u>13,276</u>	<u>28,212</u>	<u>41,488</u>
Net Position			
Net Investment in Capital Assets	1,917,897	5,353,198	7,271,095
Restricted for Debt Reserve	-	141,000	141,000
Unrestricted Surplus	822,963	2,623,286	3,446,249
Total Net Position	<u>\$ 2,740,860</u>	<u>\$ 8,117,484</u>	<u>\$ 10,858,344</u>

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

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

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
Administrative	\$ 191,833	\$ -	\$ -	\$ -	\$ (191,833)	\$ -	\$ (191,833)
General	392,454	79,483	1,769,240	-	1,456,269	-	1,456,269
Public Safety	57,586	-	-	-	(57,586)	-	(57,586)
Total Governmental Activities	641,873	79,483	1,769,240	-	1,206,850	-	1,206,850
Business-Type:							
Water	184,593	292,114	-	-	-	107,521	107,521
Sewer	472,420	558,171	-	-	-	85,751	85,751
Industrial Park	71,880	33,820	-	-	-	(38,060)	(38,060)
Total Business-type Activities	728,893	884,105	-	-	-	155,212	155,212
Total City of Council	\$ 1,370,766	\$ 963,588	\$ 1,769,240	\$ -	1,206,850	155,212	1,362,062
General Revenues:							
Property Taxes					230,702	-	230,702
State Sources					206,306	-	206,306
Other					22,375	150	22,525
Unrestricted Investment Earnings					1,393	235	1,628
Transfers					(1,826,455)	1,826,455	-
Total General Revenues and Transfers					(1,365,679)	1,826,840	461,161
Change in Net Assets					(158,829)	1,982,052	1,823,223
Net Position, Beginning of Year (Previously Stated)					2,902,937	6,137,716	9,040,653
Prior Period Adjustment					(3,248)	(2,284)	(5,532)
Net Position, Beginning of Year					2,899,689	6,135,432	9,035,121
Net Position, End of Year					\$ 2,740,860	\$ 8,117,484	\$ 10,858,344

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

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

	General	Special Projects	Total Governmental Funds
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 826,829	\$ 3,046	\$ 829,875
Property Taxes Receivable	13,359	-	13,359
Accounts Receivable	2,617	-	2,617
Grants Receivable	-	1,312,337	1,312,337
Prepaid Items	58,493	-	58,493
Due From Other Governments	28,623	-	28,623
Total Assets	\$ 929,921	\$ 1,315,383	\$ 2,245,304
Liabilities, Deferred Inflows, and Fund Balance			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 5,707	\$ 1,364,810	\$ 1,370,517
Salaries Payable	4,768	-	4,768
Total Liabilities	10,475	1,364,810	1,375,285
Deferred Inflows			
Unearned Revenue - Property Tax	12,712	-	12,712
Total Deferred Inflows	12,712	-	12,712
Fund Balance			
Nonspendable - Prepaid Items	58,493	-	58,493
Unassigned	848,241	(49,427)	798,814
Total Fund Balance	906,734	(49,427)	857,307
Total Liabilities, Deferred Inflows and Fund Balance	\$ 929,921	\$ 1,315,383	\$ 2,245,304

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

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

Total Fund Balances - Governmental Funds \$ 857,307

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Those assets consist of:

Land	\$ 501,379	
Buildings and Improvements, net of \$1,424,587 accumulated depreciation	1,328,938	
Equipment, net of \$264,594 accumulated depreciation	<u>87,580</u>	
		1,917,897

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period expenditures and, therefore, are deferred in the funds. 12,712

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. All liabilities—both current and long-term—are reported in the Statement of Net Position.

Compensated Absences (10,795)

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.

Net Pension Liability	\$ (30,666)	
Pension Related Deferred Inflows	(13,276)	
Pension Related Deferred Outflows	<u>7,681</u>	
		<u>(36,261)</u>

Net Position of Governmental Activities \$ 2,740,860

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

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

	General	Special Projects	Total Governmental Funds
Revenues			
Property Taxes	\$ 230,817	\$ -	\$ 230,817
Intergovernmental	206,306	-	206,306
Licenses, Permits, and Other	79,483	-	79,483
Grants and Contributions	-	1,769,240	1,769,240
Interest	1,393	-	1,393
Other	22,375	-	22,375
Total Revenues	<u>540,374</u>	<u>1,769,240</u>	<u>2,309,614</u>
Expenditures			
Current			
Administrative	202,564	-	202,564
General	335,244	-	335,244
Public Safety	57,586	-	57,586
Total Expenditures	<u>595,394</u>	<u>-</u>	<u>595,394</u>
Deficiency of Revenues Over Expenditures	<u>(55,020)</u>	<u>1,769,240</u>	<u>1,714,220</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(67,060)</u>	<u>(1,759,395)</u>	<u>(1,826,455)</u>
Total Other Financing Sources (Uses)	<u>(67,060)</u>	<u>(1,759,395)</u>	<u>(1,826,455)</u>
Net Change in Fund Balance	(122,080)	9,845	(112,235)
Fund Balance - Beginning of Year	1,028,814	(59,272)	969,542
Fund Balance - End of Year	<u>\$ 906,734</u>	<u>\$ (49,427)</u>	<u>\$ 857,307</u>

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

City of Council, 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 \$ (112,235)

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. In the current period these amounts are:

Capital Outlay	\$ 33,530	
Depreciation Expense	<u>(90,740)</u>	
Net		(57,210)

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, recorded as deferred tax revenue. They are, however, recorded as revenues in the Statement of Activities. (115)

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Changes in long-term liabilities for the year consisted of:

Compensated Absences	4,602
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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. 6,129

Change in Net Position of Governmental Activities \$ (158,829)

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

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

	Water	Sewer	Airport	Other Proprietary Funds	Total
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 936,528	\$ 1,474,619	\$ -	\$ 326,889	\$ 2,738,036
Receivables, Net	20,887	47,834	-	-	68,721
Prepaid Expenses	5,151	-	-	-	5,151
Total Current Assets	962,566	1,522,453	-	326,889	2,811,908
Long-Term Assets					
Restricted Cash	-	141,000	-	-	141,000
Capital Assets					
Construction In Progress	222,073	-	1,707,044	-	1,929,117
Buildings and Improvements, Net	1,340	6,572,243	-	527,385	7,100,968
Equipment, Net	65,697	90,945	-	14,536	171,178
Total Capital Assets	289,110	6,663,188	1,707,044	541,921	9,201,263
Total Long-Term Assets	289,110	6,804,188	1,707,044	541,921	9,342,263
Total Assets	1,251,676	8,326,641	1,707,044	868,810	12,154,171
Deferred Outflows					
Pension Related Items	8,161	8,161	-	-	16,322
Total Deferred Outflows	8,161	8,161	-	-	16,322
Liabilities					
Current Liabilities					
Accounts Payable	19,838	4,650	-	7,624	32,112
Salaries Payable	3,002	2,246	-	92	5,340
Compensated Absences	6,918	6,918	-	-	13,836
Deposits Payable	22,200	-	-	-	22,200
Current Portion of Notes Payable	-	85,335	-	-	85,335
Accrued Interest	-	38,080	-	-	38,080
Total Current Liabilities	51,958	137,229	-	7,716	196,903
Long-Term Liabilities					
Notes Payable	-	3,762,730	-	-	3,762,730
Net Pension Liability	32,582	32,582	-	-	65,164
Total Long-Term Liabilities	32,582	3,795,312	-	-	3,827,894
Total Liabilities	84,540	3,932,541	-	7,716	4,024,797
Deferred Inflows					
Pension Related Items	14,106	14,106	-	-	28,212
Total Deferred Inflows	14,106	14,106	-	-	28,212
Net Position					
Net Investment in Capital Assets	289,110	2,815,123	1,707,044	541,921	5,353,198
Restricted for Debt Reserve	-	141,000	-	-	141,000
Unrestricted	872,081	1,432,032	-	319,173	2,623,286
Total Net Position	\$ 1,161,191	\$ 4,388,155	\$ 1,707,044	\$ 861,094	\$ 8,117,484

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

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

	Water	Sewer	Airport	Other Proprietary Funds	Total
Operating Revenues					
Charges for Services	\$ 292,114	\$ 558,171	\$ -	\$ 33,820	\$ 884,105
Other Revenue	-	150	-	-	150
Total Operating Revenues	<u>292,114</u>	<u>558,321</u>	<u>-</u>	<u>33,820</u>	<u>884,255</u>
Operating Expenses					
Wages	63,279	65,628	-	2,292	131,199
Employee Benefits	29,868	33,079	-	1,470	64,417
Advertising	632	-	-	511	1,143
Travel	152	154	-	-	306
Materials and Supplies	16,184	3,660	-	4,961	24,805
Repairs and Maintenance	8,829	11,115	-	3,835	23,779
Utilities	35,208	20,811	-	12,096	68,115
Legal and Professional	11,841	2,133	-	6,518	20,492
Depreciation	9,470	266,537	-	37,667	313,674
Miscellaneous	9,130	20,853	-	2,530	32,513
Total Operating Expenses	<u>184,593</u>	<u>423,970</u>	<u>-</u>	<u>71,880</u>	<u>680,443</u>
Operating Income (Loss)	<u>107,521</u>	<u>134,351</u>	<u>-</u>	<u>(38,060)</u>	<u>203,812</u>
Nonoperating Revenues (Expenses)					
Interest Income	235	-	-	-	235
Interest Expense	-	(48,450)	-	-	(48,450)
Transfers In	147,398	33,530	1,645,527	-	1,826,455
Total Nonoperating Revenues (Expenses)	<u>147,633</u>	<u>(14,920)</u>	<u>1,645,527</u>	<u>-</u>	<u>1,778,240</u>
Change in Net Position	255,154	119,431	1,645,527	(38,060)	1,982,052
Total Net Position - Beginning - Previous Prior Period Adjustment	907,179 (1,142)	4,269,866 (1,142)	61,517 -	899,154 -	6,135,432 -
Total Net Position - Beginning of Year	<u>906,037</u>	<u>4,268,724</u>	<u>61,517</u>	<u>899,154</u>	<u>6,135,432</u>
Total Net Position - End of Year	<u>\$ 1,161,191</u>	<u>\$ 4,388,155</u>	<u>\$ 1,707,044</u>	<u>\$ 861,094</u>	<u>\$ 8,117,484</u>

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

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

	Water	Sewer	Airport	Other Proprietary Funds	Total
Cash Flows From Operating Activities					
Cash Receipts from Customers	\$ 296,971	\$ 556,555	\$ -	\$ 27,670	\$ 881,196
Payments to Suppliers for Goods or Services	(68,771)	(57,169)	-	(31,703)	(157,643)
Payments to Employees for Services	(95,445)	(99,443)	-	(3,907)	(198,795)
Net Cash Provided by (Used in) Operating Activities	<u>132,755</u>	<u>399,943</u>	<u>-</u>	<u>(7,940)</u>	<u>524,758</u>
Cash Flows From Noncapital Financing Activities					
Transfers from (to) Other Funds	147,398	33,530	315,310	-	496,238
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>147,398</u>	<u>33,530</u>	<u>315,310</u>	<u>-</u>	<u>496,238</u>
Cash Flows From Capital and Related Financing Activities					
Purchase of Capital Assets	(147,398)	(48,743)	(315,310)	-	(511,451)
Principal Paid on Capital Debt	-	(85,335)	-	-	(85,335)
Interest Paid on Capital Debt	-	(48,102)	-	-	(48,102)
Interest Received from Investments	235				235
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(147,163)</u>	<u>(182,180)</u>	<u>(315,310)</u>	<u>-</u>	<u>(644,653)</u>
Cash Flows From Investing Activities					
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	<u>132,990</u>	<u>251,293</u>	<u>-</u>	<u>(7,940)</u>	<u>376,343</u>
Cash and Cash Equivalents, Beginning	803,538	1,364,326	-	334,829	2,502,693
Cash and Cash Equivalents, Ending	<u>\$ 936,528</u>	<u>\$ 1,615,619</u>	<u>\$ -</u>	<u>\$ 326,889</u>	<u>\$ 2,879,036</u>
Displayed As:					
Cash and Cash Equivalents	\$ 936,528	\$ 1,474,619	\$ -	\$ 326,889	\$ 2,738,036
Restricted Cash	-	141,000	-	-	141,000
	<u>\$ 936,528</u>	<u>\$ 1,615,619</u>	<u>\$ -</u>	<u>\$ 326,889</u>	<u>\$ 2,879,036</u>

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

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

	Water	Sewer	Airport	Other Proprietary Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating Income (Loss)	\$ 107,521	\$ 134,351	\$ -	\$ (38,060)	\$ 203,812
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	9,470	266,537	-	37,667	313,674
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	2,007	(1,766)	-	-	241
(Increase) Decrease in Prepaid Expenses	(2,420)	375	-	375	(1,670)
(Increase) Decrease in Deferred Outflows	5,236	5,236	-	-	10,472
Increase (Decrease) in Accounts Payable	15,625	1,182	-	(1,627)	15,180
Increase (Decrease) in Salaries Payable	(1,562)	(1)	-	(145)	(1,708)
Increase (Decrease) in Deposits Payable	2,850	-	-	(6,150)	(3,300)
Increase (Decrease) in Compensated Absences	5,775	5,776	-	-	11,551
Increase (Decrease) in Net Pension Asset (Liability)	(24,811)	(24,811)	-	-	(49,622)
Increase (Decrease) in Deferred Inflows	13,064	13,064	-	-	26,128
Net Cash Provided by (Used in) Operating Activities	<u>\$ 132,755</u>	<u>\$ 399,943</u>	<u>\$ -</u>	<u>\$ (7,940)</u>	<u>\$ 524,758</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the City of Council, Idaho (the City), which has responsibility and control over all activities related to water and sewer services and some elements of public safety within the City. The City receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding-source entities. However, the City is not included in any other government reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the City's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

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 are 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). Indirect expenses 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.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are 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.
- *Special Projects fund.* This is the City's fund for allocating resources for various projects in the government-wide funds, such as airport construction.
- *Airport Grants fund.* This is the City's fund for allocating grant resources for airport construction and repair.

Proprietary fund operating revenues and expenses are related to providing water and sewer services to the residents and businesses of the City 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 fund.* This fund accounts for the activities of the City's water supply system.
- *Sewer fund.* This fund accounts for the activities of the City's sewer system, pumping stations, sewage treatment plant, and collection systems.
- *Airport fund.* This fund accounts for the activities of the City's airport.

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.

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

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 the end of the year. 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.

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

- *Nonspendable*. Prepaid expenditures that are permanently precluded from conversion to cash.
- *Unassigned*. Balances available for any purpose or fund deficits.

The remaining fund balance classifications (restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the City Council, the City's highest level of decision-making authority, through a formal action. The City Council would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the City's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

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

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Clerk. 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. All cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition are considered to be cash and cash equivalents. See Note 4.

Property Tax Calendar

The City levies its real property taxes through the county in September of each year based upon the assessed valuation as of the previous July. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 and July 1, at which time the property is subject to lien.

Receivables

All trade and property tax receivables are shown net of an allowance for doubtful accounts. As of September 30, 2025 the allowance for doubtful accounts was as follows: General fund – \$0; Water fund – \$4,944, and Sewer fund – \$9,656.

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 as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight Line	10–40 Years
Equipment and Vehicles	\$5,000	Straight Line	5–20 Years

General infrastructure assets acquired prior to October 1, 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.

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

Compensated Absences

The City uses the vesting method to compute compensated absences for unused vacation.

Pensions

For purposes of measuring the net pension liability (asset) 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 the 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

The City implemented 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 101 required the retroactive restatement of prior periods to apply the new provisions to all periods presented in the financial statements. The nature of the change in accounting principle is described in note 9.

For the year ended September 30, 2025, the City early adopted Governmental Accounting Standards Board (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 of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures.

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

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2025, the carrying amount of the City's deposits was \$3,708,711 and the respective bank balances totaled \$3,874,803. The entire bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the City.

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, all of the City's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the City, and thus were not exposed to custodial credit risk. The City also keeps \$200 petty cash on hand. The City does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The City does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The City follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the City to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

As of September 30, 2025, the City's only investments consisted of money market accounts held at FDIC insured banks and are included in the deposits total.

At the end of the year, cash was reported in the basic financial statements in the following categories:

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

	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	\$ 829,875	\$ 2,738,036	\$ 3,567,911
Restricted Cash	-	141,000	141,000
	\$ 829,875	\$ 2,879,036	\$ 3,708,911

3. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consist of State of Idaho revenue sharing of \$28,623. The City also had \$1,312,337 receivable for airport grant reimbursements, due from Idaho State Transportation Department.

4. PROPERTY TAXES

The City of Council receives tax revenue from Adams 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 recognized as receivable by the City.

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 Council, 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.

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.

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

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 services (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 credit services 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) if current rates are actuarially determined to be inadequate or in excess 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's contributions were \$24,473 the year ended September 30, 2025.

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

At September 30, 2025, the City of Council, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured 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's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the City's proportion was 0.00396300 percent.

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

For the year ended September 30, 2025, the City recognized pension expense (revenue) of \$5,322 . At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,059	\$ -
Changes in assumptions or other inputs	-	16,852
Net difference between projected and actual earnings on pension plan investments	-	24,636
City of Council, Idaho's contributions subsequent to the measurement date	5,944	-
Total	\$ 24,003	\$ 41,488

\$5,944 reported as deferred outflows of resources related to pensions resulting from City 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 ended 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	\$ 22,334
2027	(16,016)
2028	(14,657)
2029	(9,146)

City of Council, Idaho
Notes to the 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%
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 Council, Idaho
Notes to the 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 City's proportionate share of the net pension liability (asset) to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.55 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	\$ 230,573	\$ 95,830	\$ (14,245)

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

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. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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, and professional liabilities.

8. OTHER COMMITMENTS

The City has a credit card with a credit limit of \$50,000. As of September 30, 2025, \$1,402 of this credit was in use.

9. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees who have been employed by the City for more than one year. In the event of termination, an employee is reimbursed for accumulated vacation leave.

Changes in compensated absences for the year ended September 30, 2025 are as follows:

	<u>9/30/2024</u>	<u>Change</u>	<u>9/30/2025</u>	<u>Current Portion</u>
Governmental Activities	\$ 12,138	\$ (1,343)	\$ 10,795	\$ 10,795
Business-type Activities	5,544	8,292	13,836	13,836
Total	<u>\$ 17,682</u>	<u>\$ 6,949</u>	<u>\$ 24,631</u>	<u>\$ 24,631</u>

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

10. CAPITAL ASSETS

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

	Balance 9/30/2024	Additions	Disposals	Balance 9/30/2025
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	\$ 501,379	\$ -	\$ -	\$ 501,379
Total Nondepreciable Capital Assets	<u>501,379</u>	<u>-</u>	<u>-</u>	<u>501,379</u>
Depreciable Capital Assets:				
Buildings and Improvements	2,753,525	-	-	2,753,525
Equipment	318,644	33,530	-	352,174
Total Historical Cost	<u>3,072,169</u>	<u>33,530</u>	<u>-</u>	<u>3,105,699</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,346,954	77,633	-	1,424,587
Equipment	251,487	13,107	-	264,594
Total Accumulated Depreciation	<u>1,598,441</u>	<u>90,740</u>	<u>-</u>	<u>1,689,181</u>
Total Net Depreciable Assets	<u>1,473,728</u>	<u>(57,210)</u>	<u>-</u>	<u>1,416,518</u>
Governmental Activities -				
Total Net Assets	<u>\$ 1,975,107</u>	<u>\$ (57,210)</u>	<u>\$ -</u>	<u>\$ 1,917,897</u>
	Balance 9/30/2024	Additions	Disposals	Balance 9/30/2025
Business-Type Activities:				
Nondepreciable Capital Assets:				
Construction In Progress	\$ 169,722	\$ 1,759,395	\$ -	\$ 1,929,117
Total Nondepreciable Capital Assets	<u>169,722</u>	<u>1,759,395</u>	<u>-</u>	<u>1,929,117</u>
Depreciable Capital Assets:				
Buildings and Improvements	11,073,873	-	-	11,073,873
Equipment	329,507	82,273	-	411,780
Total Historical Cost	<u>11,403,380</u>	<u>82,273</u>	<u>-</u>	<u>11,485,653</u>
Less: Accumulated Depreciation				
Buildings and Improvements	3,684,939	287,966	-	3,972,905
Equipment	214,894	25,708	-	240,602
Total Accumulated Depreciation	<u>3,899,833</u>	<u>313,674</u>	<u>-</u>	<u>4,213,507</u>
Total Net Depreciable Assets	<u>7,503,547</u>	<u>(231,401)</u>	<u>-</u>	<u>7,272,146</u>
Business-Type Activities -				
Total Net Assets	<u>\$ 7,673,269</u>	<u>\$ 1,527,994</u>	<u>\$ -</u>	<u>\$ 9,201,263</u>

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

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

Governmental Activities:	
General	\$ <u>90,740</u>
Business-type Activities:	
Water	\$ 9,470
Sewer	266,537
Industrial Park	<u>37,667</u>
	<u>\$ 313,674</u>

11. LONG-TERM OBLIGATIONS

Maturity, interest rates, and reserve requirements on long-term debt are as follows:

<u>Description</u>	<u>Maturity</u>	<u>Rate</u>	<u>Required Reserve</u>
Business-type Activities:			
USDA Loan	2061	1.25%	\$ 140,419

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

<u>Description</u>	<u>9/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2025</u>	<u>Current Portion</u>
Business-type Activities:					
USDA Loan	<u>\$ 3,932,347</u>	<u>\$ -</u>	<u>\$ (84,282)</u>	<u>\$ 3,848,065</u>	<u>\$ 85,335</u>

Debt service requirements as of September 30, 2025, are as follows:

<u>Year Ending September 30,</u>	<u>Business-Type Activities:</u>	
	<u>Bonds and Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 85,335	\$ 48,101
2027	86,402	47,034
2028	87,482	45,954
2029	88,575	44,861
2030	89,683	43,753
2030-2034	465,511	201,669
2035-2039	495,342	171,838
2040-2044	527,085	140,095
2045-2049	560,862	106,318
2050-2054	596,803	70,377
2055-2059	635,047	32,133
2060-2061	<u>129,937</u>	<u>1,624</u>
	<u>\$ 3,848,065</u>	<u>\$ 953,756</u>

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

There was \$61,554 of interest expense in the year ended September 30, 2025. No interest was capitalized during the year.

12. DEFICIT FUND BALANCE

The following funds had a deficit net position of:

Fund	Deficit Amount
Special Projects	\$ 49,427

13. TRANSFERS

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

\$ 33,530	To move fixed assets from the General fund to the Water Fund
33,530	To move fixed assets from the General fund to the Sewer Fund
1,645,527	To move fixed assets from the Special Project Fund to the Airport Fund
<u>113,868</u>	To move fixed assets from the Special Project Fund to the Water Fund
<u>\$ 1,826,455</u>	

14. RESTATEMENT

Due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, the prior year compensated absence liability needed to be corrected to include sick pay. Due to this, in the prior year, the compensated absence liability was understated by \$ 3,248 for the governmental funds, and \$ 2,284 for the proprietary funds (water and sewer). This caused a corresponding decrease in net position for those funds. Net position was restated in the current period as follows:

	Governmental Activities
Net Position, Beginning - As Previously Stated	\$ 2,902,937
Decrease in Net Position due to Change in Compensated Absences from GASB 101	<u>(3,248)</u>
Net Position, Beginning - Restated	<u>\$ 2,899,689</u>
	Business-Type Activities
Net Position, Beginning - As Previously Stated	\$ 6,137,716
Decrease in Net Position due to Change in Compensated Absences from GASB 101	<u>(2,284)</u>
Net Position, Beginning - Restated	<u>\$ 6,135,432</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final		
Revenues					
Property Taxes	\$ 242,530	\$ -	\$ 242,530	\$ 230,817	\$ (11,713)
Intergovernmental	198,974	-	198,974	206,306	7,332
Licenses, Permits, and Other	41,600	-	41,600	79,483	37,883
Interest Income	310	-	310	1,393	1,083
Other	5,000	-	5,000	22,375	17,375
Total Revenues	<u>488,414</u>	<u>-</u>	<u>488,414</u>	<u>540,374</u>	<u>51,960</u>
Expenditures					
Current					
Administrative	180,000	-	180,000	202,564	(22,564)
General	465,964	282,296	748,260	335,244	413,016
Public Safety	58,100	-	58,100	57,586	514
Total Expenditures	<u>704,064</u>	<u>282,296</u>	<u>986,360</u>	<u>595,394</u>	<u>390,966</u>
Other Financing Sources (Uses)					
Transfer In	215,650	-	215,650	-	(215,650)
Transfer Out	-	-	-	(67,060)	(67,060)
Total Other Financing Sources (Uses)	<u>215,650</u>	<u>-</u>	<u>215,650</u>	<u>(67,060)</u>	<u>(282,710)</u>
Net Change in Fund Balance	-	(282,296)	(282,296)	(122,080)	160,216
Fund Balance - Beginning of Year	-	282,296	282,296	1,028,814	746,518
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 906,734</u>	<u>\$ 906,734</u>

City of Council, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Special Projects Fund
 For the Year Ended September 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final		
Revenues					
Grants and Contributions	\$ 7,572,000	\$ -	\$ 7,572,000	\$ 1,769,240	\$ (5,802,760)
Total Revenues	<u>7,572,000</u>	<u>-</u>	<u>7,572,000</u>	<u>1,769,240</u>	<u>(5,802,760)</u>
Expenditures					
Current					
General	7,572,000	-	7,572,000	-	7,572,000
Total Expenditures	<u>7,572,000</u>	<u>-</u>	<u>7,572,000</u>	<u>-</u>	<u>7,572,000</u>
Other Financing Sources (Uses)					
Transfer Out	-	-	-	(1,759,395)	(1,759,395)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,759,395)</u>	<u>(1,759,395)</u>
Net Change in Fund Balance	-	-	-	9,845	9,845
Fund Balance - Beginning of Year	-	-	-	(59,272)	(59,272)
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,427)</u>	<u>\$ (49,427)</u>

City of Council, Idaho
Notes to the 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 City Clerk, 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 taxpayer 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 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.

2. **ACTUAL BUDGET RESULTS**

BUDGETARY REVENUES

Variance – final budget to actual

The City underestimated the amount of licenses, permits and fuel sale revenue they would receive during the fiscal year. This caused licenses, permits, and other revenue to be over the budget by \$38,000.

The City budgeted for the full amount of the airport grant in fiscal year, but did not complete the project. This caused grants and contributions income to be under the budget by \$5,800,000.

Amendments – original budget to final budget

There were no amendments to any revenue budget line items for the year ended September 30, 2025.

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

BUDGETARY EXPENDITURES

Variance – final budget to actual

The City overestimated how much they would spend on ARPA-related projects and miscellaneous items during the year. This caused the general and miscellaneous expenditures to be under the budget by \$413,000.

The City budgeted for the full amount of the airport project as expenditures, but did not complete the project. This caused the special project expenditures to be under the budget by \$6,200,000.

Amendments – original budget to final budget

The City received additional ARPA money that they wanted to budget to spend during the fiscal year. This caused a \$282,000 increase in the budget for ARPA and miscellaneous expenses.

City of Council, 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	0.0039630%	\$ 95,832	\$ 204,628	46.83%	90.89%
2024	0.0045128%	168,806	212,874	79.30%	85.54%
2023	0.0038696%	154,422	172,321	89.61%	83.83%
2022	0.0045202%	178,038	179,724	99.06%	83.09%
2021	0.0047659%	(3,764)	179,056	(2.10%)	100.36%
2020	0.0047367%	109,992	171,680	64.07%	88.22%
2019	0.0049919%	56,981	169,153	33.69%	93.79%
2018	0.0049146%	72,491	159,159	45.55%	91.69%
2017	0.0051901%	81,579	163,702	49.83%	90.68%
2016	0.0050463%	102,296	155,212	65.91%	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 Contribution	Contribution Deficiency (Excess)	City's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2025	\$ 24,473	\$ 24,473	\$ -	\$ 204,628	11.96%
2024	24,120	24,120	-	212,874	11.33%
2023	20,242	20,242	-	172,321	11.75%
2022	21,459	21,459	-	179,724	11.94%
2021	21,379	21,379	-	179,056	11.94%
2020	20,499	20,499	-	171,680	11.94%
2019	19,342	19,342	-	169,153	11.43%
2018	18,017	18,017	-	159,159	11.32%
2017	18,531	18,531	-	163,702	11.32%
2016	17,570	17,570	-	155,212	11.32%

Data reported is measured as of September 30, 2025.

SUPPLEMENTAL INFORMATION

City of Council, Idaho
Supplemental Schedule of Revenues by Source
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final		
Taxes					
Property Taxes	\$ 242,530	\$ -	\$ 242,530	\$ 230,817	\$ (11,713)
Total Taxes	<u>242,530</u>	<u>-</u>	<u>242,530</u>	<u>230,817</u>	<u>(11,713)</u>
Intergovernmental					
State Liquor Apportionment	25,000	-	25,000	28,717	3,717
Highway Users	74,000	-	74,000	71,009	(2,991)
State Sales Tax	99,974	-	99,974	106,580	6,606
Total Intergovernmental	<u>198,974</u>	<u>-</u>	<u>198,974</u>	<u>206,306</u>	<u>7,332</u>
Licenses, Permits, and Other					
Beer, Wine, and Liquor Licenses	900	-	900	1,050	150
Dog Licenses and Fees	4,000	-	4,000	2,875	(1,125)
Building Permits	-	-	-	9,166	9,166
Airport Rental	3,500	-	3,500	3,556	56
Airport Fuel	15,000	-	15,000	26,412	11,412
Other Airport Revenue	-	-	-	6,735	6,735
Court Fines Fines	3,000	-	3,000	5,586	2,586
Cell Tower Fees	5,900	-	5,900	5,931	31
Idaho Power Fees	7,500	-	7,500	15,277	7,777
Business Licenses	1,800	-	1,800	2,895	1,095
Total Licenses and Permits	<u>41,600</u>	<u>-</u>	<u>41,600</u>	<u>79,483</u>	<u>37,883</u>
Other					
Interest Earned	5,000	-	5,000	22,375	17,375
Other	310	-	310	1,393	1,083
Total Other	<u>5,310</u>	<u>-</u>	<u>5,310</u>	<u>23,768</u>	<u>18,458</u>
Total Revenue	<u>\$ 488,414</u>	<u>\$ -</u>	<u>\$ 488,414</u>	<u>\$ 540,374</u>	<u>\$ 51,960</u>

City of Council, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2025

	Budgeted Amounts			Actual	Variance
	Original	Amendments	Final		
Administrative					
Salaries	\$ 75,000	\$ -	\$ 75,000	\$ 86,361	\$ (11,361)
Employee Benefits	50,000	-	50,000	49,789	211
Tort Insurance	24,000	-	24,000	23,488	512
Professional Services	31,000	-	31,000	42,926	(11,926)
Total Administrative	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>202,564</u>	<u>(22,564)</u>
General					
Advertising	1,000	-	1,000	1,918	(918)
Airport	241,050	-	241,050	27,200	213,850
Bank Charges	1,000	-	1,000	1,349	(349)
Building Maintenance	8,000	-	8,000	2,113	5,887
Donations	2,500	-	2,500	2,600	(100)
Health and Sanitation	1,000	-	1,000	-	1,000
Miscellaneous	119,000	-	119,000	117,893	1,107
Planning and Zoning	9,000	-	9,000	7,664	1,336
Street Expenditures	158,464	-	158,464	79,233	79,231
Telephone	3,000	-	3,000	1,628	1,372
Supplies	4,650	-	4,650	3,806	844
Office Lease	1,500	-	1,500	1,595	(95)
Utilities	5,800	-	5,800	5,595	205
Grant Expense	192,296	-	192,296	82,650	109,646
Total General	<u>748,260</u>	<u>-</u>	<u>748,260</u>	<u>335,244</u>	<u>413,016</u>
Public Safety					
Law Enforcement	53,250	-	53,250	53,250	-
Animal Control	4,850	-	4,850	4,336	514
Total Public Safety	<u>58,100</u>	<u>-</u>	<u>58,100</u>	<u>57,586</u>	<u>514</u>
Total Expenditures	<u>\$ 986,360</u>	<u>\$ -</u>	<u>\$ 986,360</u>	<u>\$ 595,394</u>	<u>\$ 390,966</u>

FEDERAL REPORTS

City of Council, Idaho
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2025

	Federal Assistance Listing Number	Pass-Through Entity Number	Expenditures
<u>U.S. Department of Transportation</u>			
Direct Program			
Federal Aviation Administration Airport Improvement Program (AIP)	20.106	DOT-FA25NM-2043	\$ 1,645,527
Total U.S. Department of Transportation			1,645,527
 <u>U.S. Department of the Treasury</u>			
Passed Through the Idaho Office of the Governor			
Coronavirus State and Local Fiscal Recovery Funds	21.027		82,650
Total U.S. Department of the Treasury			82,650
 Total Federal Financial Assistance			 \$ 1,728,177

City of Council, Idaho
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of City of Council, Idaho under programs of the Federal Government for the year ended September 30, 2025. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Council, Idaho it is not intended to and does not present the financial position or changes in Net Position of City of Council, Idaho.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

City of Council, Idaho has not elected to use the 15-percent de minimis indirect cost rate.



ZWYGART JOHN

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Independent Auditor's Report on Internal Controls 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
Council, 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, and each major fund of the City of Council, 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 Council, Idaho's basic financial statements, and have issued our report thereon dated January 20, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Council, 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 Council, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Council, 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 Council, 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 Standard*.

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.

Zwyzart John & Associates, CPAs, PLLC

Nampa, Idaho
January 20, 2026



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor
and City Council
Council, Idaho

Opinion on Each Major Federal Program

We have audited the City of Council, Idaho's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Council, Idaho's major federal programs for the year ended September 30, 2025. The City of Council, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Council, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Council, Idaho and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Council, Idaho's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Council, Idaho's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Council, Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Council, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Council, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Council, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
January 20, 2026

City of Council, Idaho
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) disclosed? yes none reported

Material weakness(es) disclosed? yes none reported

Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) disclosed? yes none reported

Material weakness(es) disclosed? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are
required to be reported in accordance
with section 2 CFR 200.516(a) yes no

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program
20.106	Federal Aviation Administration Airport Improvement Program (AIP)

Dollar threshold used to distinguish between
Type A and Type B programs: \$1,000,000

Auditee qualified as low risk auditee? yes no

City of Council
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section II - Financial Statement Findings

None reported.

Section III - Findings and Questioned Costs for Federal Awards

None reported.