CITY OF CLARK FORK

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended September 30, 2025

Prepared by

ALPINE SUMMIT CPAs

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Clark Fork, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Clark Fork, 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 Clark Fork's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Clark Fork, Idaho 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Clark Fork, Idaho'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.

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 Clark Fork, Idaho'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 of Clark Fork, Idaho'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 Schedule of City's Share of Net Pension Liability and the Schedule of City's Contributions and the budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 & 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the City of Clark Fork, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the effectiveness of the City of Clark Fork, Idaho's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Clark Fork, Idaho's internal control over financial reporting and compliance.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
June 30, 2026

BASIC FINANCIAL STATEMENTS

CITY OF CLARK FORK
Statement of Net Position
September 30, 2025

	Government Activities	Business-Type Activities	Total
ASSETS			
Cash & Investments	$ 976,181	$ 805,044	$ 1,781,225
Receivables:			
Property Taxes (net)	4,670	-	4,670
Accounts Receivable (net)	33,826	13,725	47,551
Grants Receivable	253,129	806,524	1,059,653
Prepaid Expenses	957	359	1,316
Internal Balances	(35,214)	35,213	(1)
Interfund Notes	200,000	(200,000)	-
Capital Assets:			
Work in Progress	253,129	2,462,945	2,716,074
Capital Assets, net of depreciation	1,204,411	678,938	1,883,349
Total Capital Assets	1,457,540	3,141,883	4,599,423
Total Assets	2,891,089	4,602,748	7,493,837
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	13,278	6,305	19,583
Total Deferred Outflows of Resources	13,278	6,305	19,583
LIABILITIES			
Accounts Payable and Accrued Expenses	234,072	1,780	235,852
Compensated Absences	9,260	2,315	11,575
Net Pension Liability	43,205	20,519	63,724
Total Liabilities	286,537	24,614	311,151
DEFERRED INFLOWS OF RESOURCES			
Pension Plan	19,192	9,115	28,307
Total Deferred Inflows of Resources	19,192	9,115	28,307
NET POSITION			
Net Investment in Capital Assets	1,457,540	3,141,883	4,599,423
Unrestricted	1,141,098	1,433,441	2,574,539
Total Net Position	$ 2,598,638	$ 4,575,324	$ 7,173,962

See accompanying notes to financial statements and independent auditors' report.

CITY OF CLARK FORK
Statement of Activities
Year Ended September 30, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General Government	$ 189,217	$ 12,940	$ -	$ -	$ (176,277)	$ -	$ (176,277)
Fire Department	48,115	60,728	6,778	-	19,391	-	19,391
Law Enforcement	1,200	325	-	-	(875)	-	(875)
Cemetery	387	500	-	-	113	-	113
Parks & Recreation Expenses	53,508	-	-	-	(53,508)	-	(53,508)
City Shop	5,743	-	-	-	(5,743)	-	(5,743)
Street Expenses	112,409	-	-	625,633	513,224	-	513,224
Total Governmental Activities	410,579	74,493	6,778	625,633	296,325	-	296,325
Business-type Activities							
Water Service	192,739	245,044	-	2,702,062	-	2,754,367	2,754,367
Total Business-type Activities	192,739	245,044	-	2,702,062	-	2,754,367	2,754,367
Total Activities	$ 603,318	$ 319,537	$ 6,778	$ 3,327,695	$ 296,325	$ 2,754,367	$ 3,050,692
General Revenues:							
Property Taxes					94,000	-	94,000
Other Governmental					172,681	-	172,681
Franchise Fees					7,108	-	7,108
Interest Earnings					44,331	17,472	61,803
Loss from External Fraud					-	(171,382)	(171,382)
Gain/(Loss) on Sale of Capital Assets					(791)	-	(791)
Total General Revenues and Operating Transfers					317,329	(153,910)	163,419
Change in Net Position					613,654	2,600,457	3,214,111
Net Position - Beginning					1,984,984	1,974,867	3,959,851
Net Position - Ending					$ 2,598,638	$ 4,575,324	$ 7,173,962

See accompanying notes to financial statements and independent auditors' report.

CITY OF CLARK FORK
Balance Sheet
Governmental Funds
September 30, 2025

	General Fund	Street Fund	Total
ASSETS			
Cash & Investments	$ 581,954	$ 394,227	$ 976,181
Receivables:			
Property Taxes (net)	2,335	2,335	4,670
Accounts Receivable (net)	26,586	7,240	33,826
Grants Receivable	-	253,129	253,129
Prepaid Expenses	657	300	957
Due (to) from Other Funds	(35,214)	-	(35,214)
Interfund Receivable	200,000	-	200,000
Total Assets	$ 776,318	$ 657,231	$ 1,433,549
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$ 3,856	$ 230,216	$ 234,072
Total Liabilities	3,856	230,216	234,072
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	2,122	2,119	4,241
Total Deferred Inflows of Resources	2,122	2,119	4,241
FUND EQUITY			
Nonspendable:			
Prepaid Expenses	657	300	957
Assigned:			
Law Enforcement	291,288	-	291,288
Fire Department	134,718	-	134,718
Sealcoating	-	98,384	98,384
Street Equipment	-	35,549	35,549
Unassigned	343,677	290,663	634,340
Total Fund Equity	770,340	424,896	1,195,236
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	$ 776,318	$ 657,231	$ 1,433,549

See accompanying notes to financial statements and independent auditors' report.

CITY OF CLARK FORK
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2025

Fund balance of governmental funds	$	1,195,236
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Capital assets, net of depreciation		1,457,540
Deferred outflows of resources represent an acquisition and consumption of fund equity that will be recognized in a future period and, therefore, are not reported in funds therefore, are not reported in the funds:		
Deferred outflows of resources - pension plan		13,278
Deferred inflows of resources - pension plan		(19,192)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds:		
Elimination of unavailable revenue - Property taxes		4,241
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences		(9,260)
Net pension liability		(43,205)
Net position of governmental activities at September 30, 2025	$	2,598,638

See accompanying notes to financial statements and independent auditors' report.

CITY OF CLARK FORK
Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types
Year Ended September 30, 2025

	General Fund	Street Fund	Total
Revenues:			
Property Taxes	$ 53,099	$ 39,440	$ 92,539
Other Governmental Revenue	113,403	59,278	172,681
User Fees and Charges	74,493	-	74,493
Donations	6,778	-	6,778
Grants	-	625,633	625,633
Franchise Fees	7,108	-	7,108
Interest Earnings	31,478	12,853	44,331
Total Revenues	286,359	737,204	1,023,563
Expenditures:			
General Government:			
Wages, Taxes, and Benefits	86,242	24,769	111,011
Other Costs	159,686	25,011	184,697
Capital Outlay	52,107	637,002	689,109
Total Expenditures	298,035	686,782	984,817
Net Change in Fund Balance	(11,676)	50,422	38,746
Fund Balance - October 1	782,016	374,474	1,156,490
Fund Balance - September 30	$ 770,340	$ 424,896	$ 1,195,236

See accompanying notes to financial statements and independent auditors' report.

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

Amounts reported for governmental activities in the statement of activities are different because:

Changes in fund balances as reported on the governmental funds statements		$ 38,746
Increase in current property taxes not reflected in revenue on the governmental fund statements		1,462
Amounts reported as expenditures on the governmental funds statements not included as expenses on the government-wide statements:		
Capital Outlay	689,109	
Loss on Sale of Assets	(791)	
Total expenses on the governmental fund statement not included on the government-wide statement		688,318
Expenses on the government-wide statement of activity not included on the governmental funds statements:		
Depreciation	(113,840)	
(Increase)/Decrease in Compensated Absence Liability	(5,595)	
Increase/(Decrease) in Pension Plan Expense	4,563	
Total expenses on the government-wide statement of activity not included on the governmental funds statements:		(114,872)
Change in net position on the government-wide statements		$ 613,654

See accompanying notes to financial statements and independent auditors' report.

CITY OF CLARK FORK
Statement of Net Position
All Proprietary Funds
September 30, 2025

	Water Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 805,044
Accounts Receivable (net)	13,725
Grants Receivable	806,524
Prepaid Expenses	359
Due from Other Funds	35,213
Total Current Assets	1,660,865
Noncurrent Assets:	
Work in Progress	2,462,945
Capital Assets	1,631,106
Accumulated Depreciation	(952,168)
Total Noncurrent Assets	3,141,883
Total Assets	4,802,748
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan	6,305
Total Deferred Outflows of Resources	6,305
LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Expenses	1,780
Compensated Absences	2,315
Total Current Liabilities	4,095
Long Term Liabilities:	
Net Pension Liability	20,519
Note Payable to the General Fund	200,000
Total Long Term Liabilities	220,519
Total Liabilities	224,614
DEFERRED INFLOWS OF RESOURCES	
Pension Plan	9,115
Total Deferred Inflows of Resources	9,115
NET POSITION	
Net Investment in Capital Assets	3,141,883
Unrestricted	1,433,441
TOTAL NET POSITION	$ 4,575,324

See accompanying notes to the financial statements and independent auditors' report.

CITY OF CLARK FORK
Statement of Revenues, Expenses, and Changes in Net Position - All Proprietary Fund Types
Year Ended September 30, 2025

	Water Fund
Operating Revenues:	
Charges for Services	$ 229,044
Hookup Fees	16,000
Total Operating Revenues	245,044
Operating Expenses:	
Wages, Taxes, and Benefits	52,308
Administrative	84,153
Water Treatment & Testing	7,601
Depreciation	48,677
Total Operating Expenses	192,739
Operating Income	52,305
Non-Operating Revenues (Expenses):	
Interest Income	17,472
Grant Revenues	2,702,062
Loss from External Fraud	(171,382)
Total Non-Operating Revenue (Expenses)	2,548,152
Change in Net Position	2,600,457
Net Position - October 1	1,974,867
Net Position - September 30	$ 4,575,324

See accompanying notes to financial statements and independent auditors' report.

CITY OF CLARK FORK
Statement of Cash Flows
All Proprietary Funds
Year Ended September 30, 2025

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 242,927
Payments to Suppliers	(390,807)
Payments to Employees	(47,381)
Net Cash Provided by Operating Activities	(195,261)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Repayment of Interfund Borrowing	7,952
Issuance of Interfund Borrowing	200,000
Loss from External Fraud	(171,382)
Net Cash Provided by Non-Capital Financing Activities	36,570
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(1,881,183)
Capital Grant Contributions	2,316,627
Net Cash Used by Capital and Related Financing Activities	435,444
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earnings	17,472
Net Cash Provided by Investing Activities	17,472
Net Increase in Cash and Cash Equivalents	294,225
Cash and Cash Equivalents, October 1	510,819
Cash and Cash Equivalents, September 30	$ 805,044
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS:	
Operating Income	$ 52,305
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories:	
Depreciation	48,677
Change in assets and liabilities:	
(Increase)/Decrease in Receivables	(2,117)
(Increase)/Decrease in Prepaid Expenses	(290)
(Increase)/Decrease in Deferred Outflows of Resources	278
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(298,763)
Increase/(Decrease) in Compensated Absences	1,399
Increase/(Decrease) in Pension Plan	(5,081)
Increase/(Decrease) in Deferred Inflows of Resources	8,331
Total Adjustments	(247,566)
Net Cash Provided by Operating Activities	$ (195,261)

See accompanying notes to financial statements and independent auditors' report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity
The City of Clark Fork's combined financial statements include the accounts of all City operations. The City is a municipality of the State of Idaho. The City has oversight responsibility and control over all activities related to The City's functions. The City is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since the public elects the City council members.

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 primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. 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 part by fees charged to external parties.

The statement of activities presents a comparison between direct and program revenues for 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 expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges 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, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category-*governmental, and proprietary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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 general government, except those required to be accounted for in another fund.
>
> *Street Fund*. This accounts for the revenues and expenditures as they relate to the maintenance and operation of the streets of the City.

The City reports the following major enterprise fund:

> *Water Enterprise Fund*. The Water Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)</u>

<u>Measurement Focus, Basis of Accounting</u>

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements 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, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. 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 the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, 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 debt and acquisitions under capital leases are reported as other financing sources.

<u>Deposits and Investments</u>

The cash balances of substantially all funds are pooled and invested by the City Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at cost at September 30, 2025. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

<u>Cash and Cash Equivalents</u>

The City considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

<u>Receivables and Payables</u>

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Receivables for State Liquor Revenues and State Revenue Sharing are recorded as revenue in the general fund. Receivables for State Highway User's Tax are recorded as revenue in the street fund.

The City records enterprise fund charges as earned, not when collected.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets
Capital assets, which include property, plant, equipment and infrastructure assets (i.e. roads, sidewalks, street lights, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than $500 and an estimated useful life in excess of two years.

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. A composite depreciation rate is used for infrastructure assets. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	15 - 30
Building Improvements	15 - 30
Water Distribution System	30 - 60
Machinery & Equipment	3 - 10
Vehicles	3 - 10

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

Compensated Absences
The City accounts for compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. All employees are eligible for vacation and sick leave. Employees can accrue up to 60 hours of vacation per calendar year. The maximum unused vacation leave an employee may carry over is 20 hours. Upon termination, an employee will be paid for unused vacation but not for unused sick leave. The City records a liability for accumulated unused vacation and sick time when earned for all employees who qualify.

The City's sick leave policy allows employees to accrue 4 hours of sick pay per month and can carry over a maximum of 120 hours. Employees are not paid for unused sick pay on termination.

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.

See accompanying independent auditors' report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long Term Obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

Interfund Transactions
Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as “interfund balances”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “interfund balances” as well.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net 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 has one item, pension plan, which is reported in the government-wide statement of net position and qualifies for reporting in this category at this time.

In addition to liabilities, the statement of net 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The other item, pension plan, is reported in the government-wide statement of net position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Fund Balance
The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which redefined how fund balances of the governmental funds are presented in the financial statements.

Fund balances are classified as follows:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 5). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The City reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets 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 and regulations of other governments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes and Deferred Tax Revenues

Property taxes levied for 2024 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end, in accordance with the modified accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as deferred revenues. In the government-wide financial statements property taxes are recorded as revenue in the period levied, in accordance with the accrual basis of accounting.

Property taxes are levied on the third Monday of September and attach as an enforceable lien on property. They are payable in two installments on December 20 of the current calendar year and June 20 of the next calendar year. Assessed values are established by the county assessor. The taxes are collected and remitted to the City by Bonner County.

Fair Value of Financial Instruments

The City's financial instruments are cash, cash equivalents, receivables, accounts payable, debt and other obligations. The recorded values of these assets and liabilities approximate fair value.

NOTE 2 – CASH AND INVESTMENTS

General

State statutes authorize the City's investments. 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.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a financial institution, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of September 30, 2025, the City's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:	
Amount insured by FDIC or other agencies	$ 250,000
Total deposits without exposure to custodial credit risk	250,000
Deposits with exposure to custodial credit risk:	
Amount collateralized with securities held in trust, but not in City's name	1,270,309
Amounts uninsured-exposed to custodial credit risk	277,833
Total deposits with exposure to custodial credit risk	1,548,142
Total bank balance (deposits)	$ 1,798,142
The carrying amount is displayed as follows in the financial statements:	
Statement of net position	
Cash and investments	$ 1,781,225
Restricted cash and investments	-
	$ 1,781,225
Cash and investments at September 30, 2025, consist of the following:	
Cash	
Deposits with financial institutions	$ 510,739
Petty cash on hand	177
Cash equivalents	
Deposits with Idaho state investment pool	1,270,309
	$ 1,781,225

State Investment Pool

Investments in 2a7-like pools are valued based upon the value of pool shares. The City invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. The pool does not include any involuntary participants.

See accompanying independent auditors' report.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

State Investment Pool (Continued)

The Pool is not registered with the Securities and Exchange Commission or any other regulatory body nor is any balances insured by the Federal Deposit Insurance Corporation. Financial reports are available from the Idaho State Treasurer's Office upon request.

The balances above that the City has in the State Investment Pool are carried at amortized cost, which is permitted pursuant to GASB 31, and calculated on a monthly basis. The City's portion of the State Investment Pool had an unrealized gain of $2,032 as of September 30, 2025, which has not been reflected in the financial statements.

State statutes authorize the City to invest in 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, government pools, and money market funds consisting of any of these securities listed. No unauthorized investment transactions were carried out by the City during the year.

Investments

GASB Statement No. 40 requires the City to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The short-term investment pool accounts held by the City are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

NOTE 3 – RECEIVABLES & DEFERRED REVENUE

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes collected by Bonner County and taxes collected by the State of Idaho.

Business-type activities report water billings as their major receivables.

Water usage receivables, net	$13,725

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to pay liabilities of the current period. Under the modified accrual basis of accounting only revenue which is measureable and available, is recognized in financial statements of governmental funds. Because property taxes levied in a year may not be paid by the taxpayer for up to three years, the taxes are not available as a spendable resource until received. Property taxes levied but not recorded by the City within 60 days after September 30 are reflected on the accompanying financial statements as unavailable revenue.

The following is a schedule of property taxes assessed for the year, collected and remaining to be received.

Balance 9/30/2024	Levy 2024	Adjustments & Collections	Balance 9/30/2025
$ 2,887	$ 93,553	$ 91,770	$ 4,670

See accompanying independent auditors' report.

NOTE 3 – RECEIVABLES & DEFERRED REVENUE (CONTINUED)

In accordance with NCGA Interpretation #3, revenue which is not received within 60 days of the year-end, has been reflected as deferred revenue. The balance as of September 30, 2025 is as follows:

Taxes due at September 30, 2025	$ 4,670
Received October 2025	(329)
Received November 2025	(100)
Total	$ 4,241

The analysis of accounts receivable and due from other governments is as follows:

GENERAL FUND	
State Revenue Sharing	$ 17,196
State Liquor	10,046
Franchise Fees	1,097
Tower Lease	(2,060)
Other	307
Total	$ 26,586
STREET FUND	
Highway Users	$ 7,240
Total	$ 7,240

NOTE 4 – CAPITAL ASSETS

The changes in capital assets used in governmental activities during fiscal year 2024/25 were as follows:

	Balance 9/30/24	Additions	Disposals	Adjustments	Balance 9/30/25
Governmental Activities					
Capital assets not being depreciated:					
Work in progress	$ 838,983	$ 253,129	$ -	$ (838,983)	$ 253,129
Total capital assets not being depreciated	838,983	253,129	-	(838,983)	253,129
Capital assets being depreciated:					
Buildings & Improvements	$ 415,050	$ 383,874	$ -	$ 838,983	$ 1,637,907
Equipment	739,562	52,106	2,914	-	788,754
Total capital assets being depreciated	1,154,612	435,980	2,914	838,983	2,426,661
Total accumulated depreciation	1,110,533	113,840	2,123	-	1,222,250
Total governmental activities capital assets, net	$ 883,062	$ 575,269	$ 791	$ -	$ 1,457,540

Because the City is a Phase 3 government (governments with total annual revenues of less than $10 million), the City is encouraged but not required to report major infrastructure assets retroactively.

See accompanying independent auditors' report.

CITY OF CLARK FORK
Notes to the Financial Statement
September 30, 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

The changes in capital assets used in business-type activities during fiscal year 2024/25 were as follows:

	Balance 9/30/24	Additions	Disposals	Balance 9/30/25
Business-Type Activities				
Capital assets not being depreciated:				
Work in progress	$ 588,487	$ 1,874,458	$ -	$ 2,462,945
Total capital assets not being depreciated	588,487	1,874,458	-	2,462,945
Capital assets being depreciated:				
Water systems and equipment	$ 1,624,381	$ 6,725	$ -	$ 1,631,106
Total capital assets being depreciated	1,624,381	6,725	-	1,631,106
Total accumulated depreciation	903,491	48,677	-	952,168
Total business-type activities capital assets, net	$ 1,309,377	$ 1,832,506	$ -	$ 3,141,883

Depreciation expense was charged to function as follows:

Governmental Activities	
General Government	$ 8,534
Fire Department	38,290
Cemetery	387
Parks & Recreation	4,866
City Shop	533
Street	61,230
	$ 113,840
Business-Type Activities	48,677
	$ 48,677

NOTE 5 – COMPENSATED ABSENCES

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

	Balance 9/30/24	Increases	Decreases	Balance 9/30/25
Governmental Funds	$ 3,665	$ 5,595	$ -	$ 9,260
Enterprise Funds	916	1,399	-	2,315
	$ 4,581	$ 6,994	$ -	$ 11,575

NOTE 6 - 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 is a member in the Idaho Counties Risk Management Program (ICRMP). ICRMP was created to provide risk management and insurance services to public entities in Idaho. ICRMP itself is a public entity. The City pays an annual premium for all risks of physical loss or damage to real and personal property, general liability, City

Council legal liability and employee dishonesty. The effective coverage period is October 1 to September 30. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past four years.

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at September 30, 2025 consist of short term loans between the general fund and the water fund.

NOTE 8 – ASSIGNED FUND BALANCE

The General and Street Funds currently have assigned portions of their respective fund balances in the amount of $426,006 and $133,933, respectively, to be used for future planned capital expenditures. The City has designated amounts for law enforcement capital purchases, fire department building improvements, street projects, and street equipment purchases.

NOTE 9 – PENSION PLAN

The City of Clark Fork 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.

Pension Benefits

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

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

Member and Employer Contributions

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

NOTE 9 – PENSION PLAN (CONTINUED)

The base plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2025 the employee rate was 7.18% for general employees and 10.36% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.96% for general employees and 13.98% for police and firefighters.

The City's contributions were $14,525 for the year ended September 30, 2025.

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

At September 30, 2025, the City 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 0.00263523%.

For the year ended September 30, 2025, the City recognized pension expense of $13,490. 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	$ 12,008	$ -
Changes in assumptions or other inputs	-	11,206
Net difference between projected and actual earnings on pension plan investments		16,381
Change in the City's proportion and differences between the City's contributions and the City's proportionate contributions	3,808	720
District's contributions subsequent to the measurement date	3,767	-
Total	$ 19,583	$ 28,307

$3,767 reported as deferred outflows of resources related to pensions resulting from City's 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 4.4 and 4.4 for the measurement period June 30, 2025.

See accompanying independent auditors' report.

NOTE 9 – PENSION PLAN (CONTINUED)

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

Year ended September 30:	
2026	$ 11,787
2027	(9,650)
2028	(8,854)
2029	(5,821)

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 July 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%	
Salary increases including inf	3.15%	
Investment rate of return	6.55%	-net of investment expenses
Cost-of-living adjustments	1.00%	

Mortality

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries, as well as for the Judicial members. These rates were adopted for the valuation dated July 1, 2025.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
Teachers - Males Pub-2010 Teacher Tables, increased 12%.
Teachers - Females Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2025 is based on the results of an actuarial valuation date July 1, 2025.

NOTE 9 – PENSION PLAN (CONTINUED)

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 System's assets.

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0.00%	0.00%
Large Cap	22.00%	4.75%
Small/Mid Cap	10.00%	4.95%
International Equity	11.00%	4.75%
Emerging Markets Equity	11.00%	4.95%
Domestic Fixed	20.00%	2.25%
TIPS	10.00%	2.05%
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 6.55%. 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 to changes in the discount rate

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

NOTE 9 – PENSION PLAN (CONTINUED)

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
City's proportionate share of the net pension liability (asset)	$ 153,321	$ 63,724	$ (9,472)

Pension plan fiduciary net position
Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan
At September 30, 2025, the City reported no payables to the 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 10 – EXTERNAL FRAUD EVENT

In November 2025, a payment related to the Phase 1 Water System Improvement Project was diverted by an external fraud actor after fraudulent payment instructions were communicated during the payment process. The fraud actor inserted themselves into communications between the City's project consultant and the contractor. The City did incur a loss as a result of the external fraud actor in the amount of $171,382 after bank recovery efforts, insurance claim proceeds, and consultant reimbursements related to the event were taken into account.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLARK FORK
Schedule of City's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2025	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016
City's portion of the net pension liability	0.0026352%	0.0025399%	0.0025424%	0.0024918%	0.0024233%	0.0024162%	0.0021416%	0.0021644%	0.0022741%	0.0023962%
City's proportionate share of the net pension liability/(asset)	$ 63,724	$ 95,009	$ 97,157	$ (1,967)	$ 17,431	$ 56,272	$ 31,589	$ 34,021	$ 46,099	$ 31,554
City's covered-employee payroll	$ 120,519	$ 121,170	$ 114,773	$ 94,152	$ 86,068	$ 84,661	$ 64,268	$ 63,428	$ 68,687	$ 69,417
City's proportional share of the net pension liability as a percentage of its covered-employee payroll	52.87%	78.41%	84.65%	-2.09%	20.25%	66.47%	49.15%	53.64%	67.11%	45.46%
Plan fiduciary net position as a percentage of the total pension liability	90.89%	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

Data reported is measured as of June 30, 2025

Schedule of City's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2025	09/30/2024	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016
Statutorily required contribution	$ 16,387	$ 16,521	$ 10,633	$ 11,773	$ 9,838	$ 9,508	$ 9,245	$ 8,317	$ 7,299	$ 6,760
Contributions in relation to the statutorily required contribution	$ (16,387)	$ (14,082)	$ (12,510)	$ (12,036)	$ (11,237)	$ (10,436)	$ (9,425)	$ (7,905)	$ (7,713)	$ (7,596)
Contribution (deficiency) excess	$ -	$ 2,439	$ (1,877)	$ (263)	$ (1,399)	$ (928)	$ (180)	$ 412	$ (414)	$ (836)
City's covered-employee payroll	$ 120,519	$ 121,170	$ 114,773	$ 94,152	$ 86,068	$ 84,661	$ 64,268	$ 63,428	$ 68,687	$ 69,417
Contributions as a percentage of covered-employee payroll	13.60%	11.62%	10.90%	12.78%	13.06%	12.33%	14.67%	12.46%	11.23%	10.94%

Data reported is measured as of June 30, 2025

See accompanying independent auditors' report.

CITY OF CLARK FORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Governmental Funds
Year Ended September 30, 2025

	General Fund			Street Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues:						
Property Taxes	$ 56,931	$ 56,931	$ 53,099	$ 61,778	$ 61,778	$ 39,440
Grants	-	-	-	-	-	625,633
Other	348,223	348,223	233,260	78,225	78,225	72,131
Total Revenues	405,154	405,154	286,359	140,003	140,003	737,204
Expenditures:						
Current:						
General Government:						
Wages, Taxes, & Benefits	76,387	76,387	86,242	22,878	22,878	24,769
Other Costs	217,128	217,128	(19,838)	74,267	74,267	434,517
Capital Outlay	111,639	111,639	231,631	42,858	42,858	227,496
Total Expenditures	405,154	405,154	298,035	140,003	140,003	686,782
Net Change in Fund Balance	-	-	(11,676)	-	-	50,422
Fund Balance - October 1	782,016	782,016	782,016	374,474	374,474	374,474
Fund Balance - September 30	$ 782,016	$ 782,016	$ 770,340	$ 374,474	$ 374,474	$ 424,896

See accompanying notes to budget and independent auditors' report.

CITY OF CLARK FORK
Notes to the Budget and Actual Statement
September 30, 2025

Budgets are adopted for the general, street and enterprise fund. The annual budget is a plan of financial operation with an estimate of expenditures and means of financing them. A preliminary budget is prepared in July, budget hearings are held, and the final budget is adopted by October 1.

The adopted budget constitutes the appropriations for the City and is the maximum limit of expenditures in each budgeted fund. The adopted budget may be amended for emergencies and other matters as provided by State law. There were no budget amendments for the fiscal year 2024/25.

The budget is prepared on the basis of accounting described for its governmental funds in Note 1 to the financial statement. Tax levies are set by expenditure requirements, but are authorized and limited by State law. Transfers of budget authority within a fund are permitted. Appropriations lapse at September 30.

The amounts shown in the budget column of the schedule are the original and final budgeted amounts. State law requires only that a fund's total expenditures not exceed total budgeted expenditures.

REPORT REQUIRED BY GAO

ALPINE SUMMIT CPAs

1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099

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

To the City Council
City of Clark Fork, 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 Clark Fork, 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 Clark Fork, Idaho's basic financial statements and have issued our report thereon dated June 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Clark Fork, Idaho'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 of Clark Fork, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Clark Fork, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item #2025-1, which we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Clark Fork, 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items #2025-2.

City of Clark Fork, Idaho's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
June 30, 2026

SINGLE AUDIT SECTION

1810 E Schneidmiller Ave. Ste. 310
Post Falls, Idaho 83854
208-777-1099

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

Board of Commissioners
City of Clark Fork
Clark Fork, ID

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Clark Fork's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Clark Fork's major federal programs for the year ended September 30, 2025. City of Clark Fork'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, City of Clark Fork's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 City of Clark Fork 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 City of Clark Fork's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Clark Fork'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 City of Clark Fork'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 generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Clark Fork's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 City of Clark Fork's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of City of Clark Fork's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Clark Fork'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.

Alpine Summit CPAs

Alpine Summit CPAs

Post Falls, Idaho
June 30, 2026

CITY OF CLARK FORK
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Program Title	Federal CFDA Number	Pass Through Number	Federal Expenditures
U.S. Department of the Treasury			
Passed through DEQ:			
Coronavirus State and Local Fiscal Recovery Funds	21.027		$ 1,820,281
U.S. Department of Housing and Urban Developmen			
Direct programs:			
Community Development Block Grant	14.228		$ 62,028
Total			$ 1,882,309

See notes to schedule of expenditures of federal awards

CITY OF CLARK FORK
Notes to Schedule of Expenditures of Federal Awards
Year ended September 30, 2025

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Clark Fork(the Government) under programs of the federal government for the year ended September 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Government.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE 3: INDIRECT COST RATE

The Government has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF CLARK FORK
Schedule of Findings and Questioned Costs
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:

• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)	__X__ Yes	_____ None reported
Noncompliance material to financial statements noted	__X__ Yes	_____ No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified	_____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)	_____ Yes	__X__ 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	__X__ No

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.228	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000	
Auditee qualified as low-risk auditee	_____ Yes	__X__ No

CITY OF CLARK FORK
Schedule of Findings and Questioned Costs
Year ended September 30, 2025

<u>Section II - Findings – Financial Statement Audit</u>

<u>2025-1</u>

Segregation of Duties

The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

<u>Criteria</u>

Proper segregation of duties requires an accounting system that provides adequate internal controls, which includes a design that ensures no one individual is involved with a transaction from its beginning to its end.

<u>Condition</u>

The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties.

<u>Effect</u>

This situation dictates that the Council remains involved in the financial affairs of the organization to provide oversight and independent review functions in an effort to mitigate the possible effects of the lack of segregation of duties that exists within the City.

<u>Cause</u>

The City does not have enough staff to adequately segregate all accounting functions.

<u>Recommendations</u>

Our recommendation for the City is to consider increasing the staff size to allow for adequate segregation of duties or to involve a City Council member in more aspects of the financial reporting process.

<u>Views of Responsible Officials</u>

The City Council is aware of this situation and therefore the Council takes a proactive stance to minimize a potential loss.

With two paid office personnel, one writing checks and the other confirming the transaction before signing. This gives a degree of segregation we did not have several years ago. Next, a signature from a Council member or Mayor is also required for every check written. The check is presented for review and signature along with two supporting documents; 1. A copy of the statement showing the itemized breakdown of the purchase, and 2. The approved purchase order. All three items: The Check, The Statement and The PO must have the same dollar amount before signing.

While this situation is not optimal for the best accountability practices as recommended, it is the best option within the financial constraints we are bound.

2025-2

Budgetary Noncompliance

Criteria

Idaho State Law requires that a governmental fund's total expenditures not exceed total budgeted expenditures.

Condition

For the fiscal year ended September 30, 2025, the City's Street Fund overspent its budget by approximately $546,779.

Effect

There is no financial effect of this issue; it is an Idaho state compliance matter.

Cause

The City neglected to adequately analyze their planned expenditures for the fiscal year during the budgeting process, or amend the budget as it became necessary.

Recommendations

Our recommendation for the City is to review prior years' actual expenditures and planned future expenditures during the budgeting process to produce accurate budgets. Additionally, we recommend monitoring expenditures throughout the year in comparison to the budget in order to appropriately amend the budget when necessary.

Views of Responsible Officials

The City is aware of this issue from fiscal year 2024/25, which was primarily the result of street fund capital asset additions funded via grants. The City was unaware of the need to amend the budget for spending related to street grants. The City will review the budget going forward, and amend as necessary, whether related to grant expenditures or otherwise.

Section III - Findings and Questioned Costs – Major Federal Award Programs Audit

We noted no findings relating to the Federal Awards Programs, which are required to be reported in accordance with generally accepted *Government Auditing Standards.*

Section IV – Summary of Prior Year Audit Findings Relating to Federal Awards

No prior year audit findings relating to Federal Awards.