CITY OF HAGERMAN
HAGERMAN, IDAHO
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2021

CITY OF HAGERMAN
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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Hagerman
Hagerman, Idaho 83332

January 15, 2022

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hagerman as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Hagerman, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer's contribution as shown in table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* , I have also issued my report dated January 15, 2022, on our consideration of the City of Hagerman's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hagerman's internal control over financial reporting and compliance

Sincerely,

R. Michael Burr

R. Michael Burr
Certified Public Accountant

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CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 226,630	
Restricted - Cash and Cash Equivalents	57,541	
Investments	273,610	
Restricted - Investments	103,936	
Inventory	7,180	
Net Receivables	56,269	
Interfund Balances	0	
TOTAL CURRENT ASSETS		$ 725,166
NONCURRENT ASSETS		
Long-Term Receivables	$ 9,256	
Net Pension Asset	1,890	
Restricted - Investments		
Non-depreciated Assets		
Depreciated Assets (net)	556,355	
TOTAL NONCURRENT ASSETS		567,501
TOTAL ASSETS		1,292,667
DEFERRED OUTFLOWS OF RESOURCES		
Pension Obligations	$ 27,087	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		27,087
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 19,713	
Payroll Payable	13,000	
Unearned Revenue		
Accrued Interest Payable	162	
Current Portion of Long-term Debt	4,826	
TOTAL CURRENT LIABILITIES		37,701
NONCURRENT LIABILITIES		
Bond Payable (net current portion)		
Note Payable (net current portion)	$ 30,121	
TOTAL NONCURRENT LIABILITIES		30,121
TOTAL LIABILITIES		67,822

Business-type Activities		Total	
$ 102,944		$ 329,574	
		57,541	
1,115,651		1,389,261	
		103,936	
		7,180	
60,666		116,935	
0		0	
	$ 1,279,261		$ 2,004,427
		$ 9,256	
$ 2,435		4,325	
168,776		168,776	
1,543,868		1,543,868	
8,016,060		8,572,415	
	9,731,139		10,298,640
	11,010,400		12,303,067
$ 34,888		61,975	
	34,888		61,975
$ 4,085		$ 23,798	
833		13,833	
1,477		1,477	
3,166		3,328	
54,911		59,737	
	64,472		102,173
$ 3,543,507		3,543,507	
54,418		84,539	
	3,597,925		3,628,046
	3,662,397		3,730,219

Continued

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

	Governmental Activities	
DEFERRED INFLOWS OF RESOURCES		
Pension Sources	$ 60,469	
TOTAL DEFERRED INFLOWS OF RESOURCES		60,469
NET POSITION		
Invested in Capital Assets, net of related debt	$ 521,246	
Restricted for:		
Street Projects	110,833	
Library	37,077	
Park	32,686	
Debt		
Unrestricted	489,621	
TOTAL NET POSITION		$ 1,191,463

See accompanying notes to the basic financial statements

Business-type Activities		Total	
$ 77,883		138,352	
	77,883		138,352
$ 5,962,003		$ 6,483,249	
		110,833	
		37,077	
		32,686	
168,776		168,776	
1,174,229		1,663,850	
	$ 7,305,008		$ 8,496,471

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Primary Government Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Administration	$ 90,688			
Building Inspection	102,729	$ 26,675		
Police Department	11,490			
Animal Control	12,178			
Waste Collection	30,455	58,887		
Street Maintenance	152,035		$ 76,011	
Library Services	40,958		1,399	
Recreational/Park Services	19,142			
Debt Service - Interest on Debt	2,245			
Total Governmental Activities	461,920	85,562	77,410	$ 0
Business-Type Activities				
Waterworks	323,259	237,878	48,020	
Sewer	414,808	383,220	48,020	
Total Business-Type Activities	738,067	621,098	96,040	0
Total Primary Government	$ 1,199,987	$ 706,660	$ 173,450	$ 0
General Revenue				
Property Taxes				
Other Tax Revenue				
State Programs/Revenue				
Court Fines				
Other Revenue				
Lease Revenue				
Investment Earnings				
Total General Revenue				
Changes in Net Position				
Net Position - Beginning				
Net Position - Ending				

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (90,688)		$ (90,688)
(76,054)		(76,054)
(11,490)		(11,490)
(12,178)		(12,178)
28,432		28,432
(76,024)		(76,024)
(39,559)		(39,559)
(19,142)		(19,142)
(2,245)		(2,245)
(298,948)		(298,948)
	$ (37,361)	(37,361)
	16,432	16,432
0	(20,929)	(20,929)
(298,948)	(20,929)	(319,877)
223,096		223,096
3,182		3,182
140,482		140,482
5,659		5,659
36,015		36,015
	15,200	15,200
1,186	3,889	5,075
409,620	19,089	428,709
110,672	(1,840)	108,832
1,080,791	7,306,848	8,387,639
$ 1,191,463	$ 7,305,008	$ 8,496,471

CITY OF HAGERMAN
HAGERMAN, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Street Fund
ASSETS		
Cash and Cash Equivalents	$ 226,630	
Restricted - Cash		$ 50,555
Investments	273,610	
Restricted - Investments		45,531
Property Taxes Receivable	5,758	2,589
Accounts Receivable	5,937	
Interfund Balances	833	
Due From Other Governments	22,620	26,405
TOTAL ASSETS	$ 535,388	$ 125,080
LIABILITIES		
Accounts Payable	$ 3,850	$ 14,857
Payroll Payable	11,499	1,425
TOTAL LIABILITIES	15,349	16,282
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Property Taxes	5,046	2,268
TOTAL DEFERRED INFLOWS OF RESOURCES	5,046	2,268
FUND BALANCES		
Restricted - Street Fund		106,530
Restricted - Library Fund		
Restricted - Park Fund		
Unassigned	514,993	
TOTAL FUND BALANCES	514,993	106,530
TOTAL LIABILITIES, DEFERRED INFOWS, AND FUND BALANCES	$ 535,388	$ 125,080

See accompanying notes to the basic financial statements

Library Fund	Park Fund	Total Governmental Funds
		$ 226,630
$ 100	$ 6,886	57,541
		273,610
36,921	21,484	103,936
1,165	1,051	10,563
		5,937
(833)		0
		49,025
$ 37,353	$ 29,421	$ 727,242
$ 276	$ 730	$ 19,713
	76	13,000
276	806	32,713
1,021	921	9,256
1,021	921	9,256
		106,530
36,056		36,056
	27,694	27,694
		514,993
36,056	27,694	685,273
$ 37,353	$ 29,421	$ 727,242

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Street Fund
REVENUES		
Property Taxes	$ 121,589	$ 54,646
Property Tax Replacement	85	3,097
City Highway Tax		22,068
License, Permits and Fees	4,465	
State Revenue	90,391	104,034
Building Inspection	26,675	
Court Fines	5,659	
Grant Revenue		
Garbage Collection	58,887	
Franchise Fees	3,267	
Other Revenue	2,965	
TOTAL REVENUES	313,983	183,845
EXPENDITURES		
Administration	87,906	
Police Department	102,284	
Building Inspection	11,490	
Animal Control	12,178	
Waste Collection	30,455	
Street Maintenance		139,087
Library Services		
Recreational/Park Services		
Capital/Grant Outlay		
Debt - Principal	4,545	
Debt - Interest	2,245	
TOTAL EXPENDITURES	251,103	139,087
EXCESS REVENUES OVER (UNDER) EXPENDITURES	62,880	44,758
OTHER FINANCING SOURCES (USES)		
Transfer In (Out)		
Investment Revenue	812	194
TOTAL OTHER FINANCING SOURCES (USES)	812	194
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	63,692	44,952
FUND BALANCE - BEGINNING (Restated)	451,301	61,578
FUND BALANCE - ENDING	$ 514,993	$ 106,530

See accompanying notes to the basic financial statements

Library Fund	Park Fund	Total Governmental Funds
$ 24,613	$ 22,248	$ 223,096
		3,182
		22,068
		4,465
		194,425
		26,675
		5,659
1,399		1,399
		58,887
		3,267
23,485	1,833	28,283
49,497	24,081	571,406
		87,906
		102,284
		11,490
		12,178
		30,455
		139,087
38,810		38,810
	19,507	19,507
		0
		4,545
		2,245
38,810	19,507	448,507
10,687	4,574	122,899
		0
115	65	1,186
115	65	1,186
10,802	4,639	124,085
25,254	23,055	561,188
$ 36,056	$ 27,694	$ 685,273

CITY OF HAGERMAN
HAGERMAN, IDAHO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2021

Total Governmental Fund Balances		$ 685,273
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balances, $0 non-depreciable assets and $1,136,901 of depreciable assets net of accumulated depreciation of $580,546.	$ 556,355	
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	9,256	
Supplies purchased are reported as expenditures for fund reporting but are expensed as used for government-wide statements.	7,180	
Interest is recorded when paid for funds but is reported when payable in the current period for government wide statements.	(162)	
Amounts resulting from pension liabilities as a result of GASB 68 are not recorded in the fund statements:		
-Deferred Outflows Pension Obligations	27,087	
-Deferred Inflows Pension Sources	(60,469)	
-Net Pension Liability	1,890	
Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Notes Payable	(34,947)	
Net Changes		506,190
Net Position of Governmental Activities		$ 1,191,463

See accompanying notes to the basic financial statements

CITY OF HAGERMAN
HAGERMAN, IDAHO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Governmental Fund Balances		$ 124,085
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
- Depreciation	$ (27,607)	
- Capital Outlay	0	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	0	
Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds.	9,649	
In the Statement of Activities, interest is accrued on outstand debt, whereas in governmental funds, an interest expenditure is reported when due.	0	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position.	4,545	
Net Changes		(13,413)
Change in Net Position of Governmental Activities		$ 110,672

See accompanying notes to the basic financial statements

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2021

	Waterworks	Sewer	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 194	$ 102,750	$ 102,944
Investments	709,596	406,055	1,115,651
Net Receivables	22,622	38,044	60,666
TOTAL CURRENT ASSETS	732,412	546,849	1,279,261
NONCURRENT ASSETS			
Restricted Investments		168,776	168,776
Net Pension Asset	1,307	1,128	2,435
Non-depreciated Assets	4,000	1,539,868	1,543,868
Capital Assets (net)	619,568	7,396,492	8,016,060
TOTAL NONCURRENT ASSETS	624,875	9,106,264	9,731,139
TOTAL ASSETS	1,357,287	9,653,113	11,010,400
DEFERRED OUTFLOWS OF RESOURCES			
Pension Obligations	18,723	16,165	34,888
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,723	16,165	34,888
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	2,209	1,876	4,085
Due to Other Funds	56,240	(56,240)	0
Payroll Payable	425	408	833
Unearned Revenue	844	633	1,477
Accrued Interest Payable	1,540	1,626	3,166
Current Portion of Long-term Debt	7,284	47,627	54,911
TOTAL CURRENT LIABILITIES	68,542	(4,070)	64,472
NONCURRENT LIABILITIES			
Bond Payable (net current portion)		3,543,507	3,543,507
Note/Lease Payable (net current portion)	39,358	15,060	54,418
TOTAL NONCURRENT LIABILITIES	39,358	3,558,567	3,597,925
TOTAL LIABILITIES	107,900	3,554,497	3,662,397

See accompanying notes to the basic financial statements

	Waterworks	Sewer	Total
DEFERRED INFLOWS OF RESOURCES			
Pension Sources	$ 41,797	$ 36,086	$ 77,883
TOTAL DEFERRED INFLOWS OF RESOURCES	41,797	36,086	77,883
NET POSITION			
Restricted - Debt Service		168,776	168,776
Unrestricted	1,226,313	5,909,919	7,136,232
TOTAL NET POSITION	$ 1,226,313	$ 6,078,695	$ 7,305,008

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Waterworks Fund	Sewer Fund	Total
OPERATING REVENUES			
Service Fees	$ 212,558	$ 355,849	$ 568,407
Hook-up Fees	22,560	22,500	45,060
Other Revenue	2,760	4,871	7,631
TOTAL OPERATING REVENUES	237,878	383,220	621,098
OPERATING EXPENSES			
Payroll - Administrative	37,644	20,338	57,982
Insurance	3,652	3,652	7,304
Professional Fees	31,305	4,611	35,916
Office Supplies/Expense	5,861	4,401	10,262
Payroll - Operations	54,373	62,107	116,480
Supplies	34,644	24,842	59,486
Utilities - Operations	13,909	15,408	29,317
Repairs and Maintenance	21,373	4,927	26,300
Gas & Oil	2,800	1,560	4,360
Lab Fees	1,421	3,654	5,075
Training	807	800	1,607
Assessments/Studies	13,769	17,961	31,730
Depreciation	99,356	211,835	311,191
TOTAL OPERATING EXPENSES	320,914	376,096	697,010
OPERATING INCOME (LOSS)	(83,036)	7,124	(75,912)
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	2,111	1,778	3,889
Land Lease		15,200	15,200
Federal Grant Revenue	48,020	48,020	96,040
Interest Expense	(2,345)	(38,712)	(41,057)
TOTAL NON-OPERATING REVENUE (EXPENSES)	47,786	26,286	74,072
CHANGE IN NET POSITION	(35,250)	33,410	(1,840)
TOTAL NET POSITION - BEGINNING (Restated)	1,261,563	6,045,285	7,306,848
TOTAL NET POSITION - ENDING	$ 1,226,313	$ 6,078,695	$ 7,305,008

See accompanying notes to the basic financial statements

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Waterworks	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts Form Customers	$ 242,560	$ 388,577	$ 631,137
Payments to Suppliers	(152,800)	(88,726)	(241,526)
Payments to Employees	(91,891)	(82,331)	(174,222)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(2,131)	217,520	215,389
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Borrowing (Payments) Under Interfund Loan Agreements	34,235	(56,240)	(22,005)
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	34,235	(56,240)	(22,005)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Capital Debt	(7,077)	(46,764)	(53,841)
Grant Proceeds	48,020	48,020	96,040
Interest Paid on Capital Debt	(2,345)	(38,712)	(41,057)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	38,598	(37,456)	1,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets	(75,064)	(75,064)	(150,128)
Land Lease Proceeds		15,200	15,200
Interest	2,111	1,778	3,889
CASH FLOWS FROM INVESTING ACTIVITIES	(72,953)	(58,086)	(131,039)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,251)	65,738	63,487
BALANCES - BEGINNING OF THE YEAR	712,041	611,843	1,323,884
BALANCES - END OF THE YEAR	$ 709,790	$ 677,581	$ 1,387,371
BALANCE DISPLAYED AS:			
Cash	$ 194	$ 102,750	$ 102,944
Investments	709,596	406,055	1,115,651
Restricted Investments		168,776	168,776
	$ 709,790	$ 677,581	$ 1,387,371

(Continued)

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Waterworks	Sewer	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (83,036)	$ 7,124	$ (75,912)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivable	4,682	5,357	10,039
Increase (Decrease) in Payroll Payable	126	114	240
Increase (Decrease) in Unearned Revenue	0		0
Increase (Decrease) in Accounts Payable	(17,245)	(4,530)	(21,775)
Increase (Decrease) in Accrued Interest Payable	0	0	0
Increase (Decrease) in Deferred Pension In/Outflow	(6,014)	(2,380)	(8,394)
Depreciation	99,356	211,835	311,191
Net Cash Provided (Used) by Operating Activities	$ (2,131)	$ 217,520	$ 215,389
NON-CASH TRANSACTIONS			
None	$ 0	$ 0	$ 0

See accompanying notes to the basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The City of Hagerman, Idaho, (City) operates under a Council-Mayor form of government. The City's major operations include park, public works and general administrative services. In addition, the City owns and operates a water and sewer system.

The accounting and reporting framework and the more significant accounting principles and practices of City of Hagerman are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the year ended September 30, 2021.

The City is governed by an elected City Council which possesses final decision making authority and is held primarily accountable for those decisions. The Council is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance city system operations and construction. All operations controlled by the Council are included within these financial statements.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

B - REPORTING ENTITY

These financial statements present the City (the primary government) and any component units of the City. As defined by GASB No. 14, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City. Based on this definition, the City has no component units.

The City was incorporated in the 1960's under the requirements of Idaho Code 50-101 and in the manner under Idaho Code 50-102. Title 50 of Idaho statutes, Municipal Corporations, dictates the laws that the City must operate under. The City is governed by an elected council and mayor that serve a four year term.

C - BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's federal grants, state grants, debt service, capital projects, plant facilities, and general administrative services are classified as governmental activities. The City has two services classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Neither fiduciary funds nor component units that are fiduciary in nature are included in the Statement of Net Positions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (local revenue, franchise fees, state revenue, grants, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (instruction, support, administrative, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs. All interfund activity has been eliminated.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

D - BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City can electively add funds, as major funds, which had a specific community focus. The nonmajor funds are combined in a column in the fund financial statements. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds - Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects

Capital Project Funds - The Capital Project Fund is used to account for resources restricted, committed or assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund - The Debt Service Fund accounts for all financial resources restricted, committed or assigned for the payment of interest and principle on the general long-term debt of the City. Ad valorem taxes are used for the payment of principal and interest on the City's judgment.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

FIDUCIARY FUNDS (Not included in government-wide statements)

Agency Funds - Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The City has no agency funds.

E - MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item 2. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

1. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

3. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual - Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

1. Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

F - ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods/services type transactions are classified as “due to/from other funds.” Short-term interfund loans are reported as “interfund receivable/payable .” Long-term interfund loans (noncurrent portion) are reported as “advances to/from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 9 for details of interfund transactions, including receivables and payables at year-end. All interfund activity has been eliminated in the government-wide statement of activity.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, grants, and State foundation funding. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Allowances for uncollectable accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

In the government-wide statements, materials, supplies and food commodities are carried in an inventory account at the lower of cost or market and are subsequently charged to expenditures when consumed. Inventories also include plant maintenance, operating, and instructional supplies. In the fund financial statements, inventory items are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets are related to bond proceeds to be used for a capital construction project of the City and to state and federal grants. For expenditures that apply to both restricted and unrestricted resources, the City uses restricted funds first.

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts and can represent a reservation of fund balances in the governmental fund financial statements. The City does not use encumbrance accounting. Therefore, there is no reservation of fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

Deferred outflows of resources are decreases in net assets that relate to future periods and are reported in a separate section of its government-wide and governmental funds financial statements. Deferred outflows of resources from pension obligations affect the government-wide statements and no deferred outflows effect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

Deferred inflows of resources reflects an increase in net assets that applies to a future period(s) and is because the City will not recognize the related revenues until a future event occurs. The City's governmental funds report a separate section for deferred inflows of resources and has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred property taxes are reported in the governmental funds balance sheet. The deferred inflows of resources reported in its government-wide financial statements is a deferred amount arising from pension sources.

Capital Assets

The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. For fund financial statements, the City has maintained a $500 limit before an item is recorded as a capital expenditure. The limits for the government-wide statements vary and are shown below.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets are not required to be valued and reported on the City's financial statements and the City has not elected to report them. Therefore, the value of any infrastructure assets purchased prior to July 1, 2003, are not included in these statements.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation based on its capitalization amount. The range of estimated useful lives and capitalization limits by type of asset are as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description	Life	Capitalization Amount
Aggregate Cost of Library Books	3	$5,000
Automobiles	5 - 15	$5,000
Office and Light-weight Equipment	5 - 15	$5,000
Heavy Equipment	7 - 20	$10,000
Buildings and Improvements	40	$15,000
Infrastructure	50	$50,000

Fund Financial Statements

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

Liability for Compensated Absences

Employees are not allowed to accrue personal leave each year. Therefore, no liability for compensated absences has been incurred or recorded at year end.

Vacation and sick days are not allowed to be carried over at the City level. Therefore, there is no liability associated with vacation or sick leave days.

Long-Term Debt

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bond premiums are reported in the deferred inflows of resources section in the statement of net position. Bonds payable are reported net of the applicable bond premium of discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

The City Council adopts a budget on a basis consistent with the GAAP with minor changes for most funds. The City is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the City:

1. 1) At least 28 days prior to its annual meeting, the city council shall have prepared a budget in a form prescribed by the state statute, and shall have notified the public of the budget hearing.

2. 2) At the public hearing or a special meeting held no later than 14 days after the public hearing, the city council shall adopt a budget for the ensuing year..

3. 3) The city council shall publish a summary statement of the budget in the local newspaper.

4. The City may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

Equity Classifications (Net Position and Fund Balance)

Government-wide Financial Statements

When the City incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned because they were not used. Net position on the Statement of Net Position include the following:

Investment in Capital Assets, Net of Related Debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position—All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Fund Balance - Includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - Includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision making authority, the Mayor and City Council. Formal action is done by making and approving a motion/resolution of the Mayor and City Council.

Assigned Fund Balance - Includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City has not delegated authority to assign amounts to be used for specific purposes. If such assignments were allowed, they could not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

Unassigned Fund Balance - Includes the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Use of Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of Idaho Code Sections 50-1013 and 67-1210. Under Idaho Code, the City, at its own discretion, may invest funds in time deposits and certificates of deposits provided by the depository bank at interest rates approximating United States treasury bill rates.

The classifications of risk associated with cash and investments are concentration of credit risk, interest rate risk, credit risk, and custodial credit risk. These are defined as:

Concentration of Credit Risk - The risk of loss attributed to the magnitude of a government's investment in a single issuer.

Interest Rate Risk - The exposure to an unfavorable change in interest rates.

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Credit Risk - The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The City does not have formal investment policies to limit the concentration of credit risk or the interest rate risk.

At September 30, 2021, the City had a carrying value of cash deposits of $286,821 and a bank balance of $390,609. Based on the above definitions, the City is subject to $140,609 of concentration of credit risk.

Idaho Code authorizes the City to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements. The carrying value of investments owned at year end was $1,661,973 ($1,661,973 Idaho State Local Government Investment Pool) which approximates market value. The Idaho State Local Government Investment Pool has no credit rating.

Investments by the City in the State Treasury Pool are specifically excluded from reporting for custodial credit risk and concentration of credit risk by GASB 40.

Restrictions on cash and cash equivalents and investments are as follows:

	Cash and Equivalents	Investments	Total
Street Fund - Street Maintenance	$ 50,555	$ 45,531	$ 96,086
Library Fund - Capital Outlay and Operations	100	36,921	37,021
Park Fund - Park Maintenance	6,886	21,484	28,370
Sewer Fund - Debt Service		168,776	168,776
	$ 57,541	$ 272,712	$ 330,253

NOTE 3 - TAXES RECEIVABLE AND DEFERRED TAX REVENUES

The City's property tax is levied each October on the value listed as of the prior January 1 for all property located in the City. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2020, upon which the 2020 levy was based was $47,633,662.

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

The tax rates assessed, per $100 of valuation, for the year ended September 30, 2021, and maximum levy rates limited by Idaho Code Section 50-235 are as follows:

Type	Rate	Maximum Rate
General	0.2450	0.9000
Street	0.1129	No Limit
Library	0.0508	0.1000
Park	0.0448	0.0600

At September 30, 2021, the components of taxes receivable are as follows:

Fund	2020	2019	2018	Total
General Fund	$ 3,842	$ 1,417	$ 499	$ 5,758
Street Fund	1,727	635	227	2,589
Library Fund	778	285	102	1,165
Park Fund	701	252	98	1,051
Total	$ 7,048	$ 2,589	$ 926	$ 10,563

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the September 30, 2021, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by November 30, 2021, are deferred inflows of tax revenue. The components of deferred inflows of tax revenue are as follows:

Fund	Amount
General Fund	$ 5,046
Street Fund	2,268
Library Fund	1,021
Park Fund	921
Total	$ 9,256

For government-wide statements, an allowance for uncollectable taxes is calculated. However, historical information shows that the uncollectable amount is immaterial to these statements and no allowance will be recorded until it becomes a material amount. Also, the above deferred amounts are not included in the government-wide statements.

NOTE 4 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 4 - RISK MANAGEMENT (Continued)

The City controls risk of loss by having adequate insurance coverage. The type and coverage amount is listed below:

Workers Compensation Insurance	Limited by State Law
General Liability	$ 3,000,000
Boiler and Machinery	100,000,000
Auto	3,000,000
Criminal Acts	500,000
Errors and Omissions	3,000,000
Real and Personal Property	Replacement Value
Chemical Spraying	500,000

The City believes that the above coverage is proper to protect the City from any losses.

NOTE 5 - DUE FROM OTHER GOVERNMENTS

The City can participate in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the City receives support from the State of Idaho. Amounts due from federal and state governments at September 30, 2021, are as follows:

Description - Source	General Fund	Street Fund	Total
Highway User - State		$ 11,667	$ 11,667
Liquor Apportionment - State	$ 7,882		7,882
Revenue Share - State	14,738	14,738	29,476
Total	$ 22,620	$ 26,405	$ 49,025

NOTE 6 - CONTINGENCIES

The City is not aware of any pending or threatened litigation which would adversely affect the City. The City has received several federal/state grants for specific purposes that were subject to review and audit of compliance conditions of the programs. Since this amount is not capable of being measured at year end, no accrual has been recorded. The reports on internal accounting controls and compliance elements are contained as listed in the table of contents. This audit found no elements of non-compliance with the terms and conditions of the individual programs audited.

NOTE 7 - CAPITAL ASSET ACTIVITY

Depreciation expense was charged to governmental functions as follows:

Administration	$ 7,119
Police	445
Library	4,154
Street	15,889
Total	$ 27,607

NOTE 7 - CAPITAL ASSET ACTIVITY (Continued)

Capital asset activity for the City's governmental functions for the year ended September 30, 2021, was as follows (beginning amounts restated to reflect GASB 34):

	Primary Government - Governmental Activities			
	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciated assets:				
Land	$ 0	$ 0	$ 0	$ 0
	0	0	0	0
Other capital assets:				
Buildings and Improvements	559,878			559,878
Infrastructure	244,871			244,871
Equipment	182,096			182,096
Library	143,216			143,216
Automobiles	6,840			6,840
Subtotal	1,136,901	0	0	1,136,901
Less accumulated depreciation for:				
Buildings and Improvements	(200,735)	(12,720)		(213,455)
Infrastructure	(62,014)	(5,149)		(67,163)
Equipment	(140,134)	(9,738)		(149,872)
Library	(143,216)			(143,216)
Automobiles	(6,840)			(6,840)
Subtotal	(552,939)	(27,607)	0	(580,546)
Net Depreciated Assets	583,962	(27,607)	0	556,355
Net Capital Assets	$ 583,962	$ (27,607)	$ 0	$ 556,355

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

	Waterworks	Sewer	Total
Land	$ 4,000	$ 1,539,868	$ 1,543,868
Construction-in-process	0	0	0
Easements	0	13,755	13,755
Buildings	158,920	115,142	274,062
Equipment	167,747	71,664	239,411
Systems	2,622,923	10,282,530	12,905,453
	2,953,590	12,022,959	14,976,549
Less: Accumulated Depreciation	(2,330,022)	(3,086,599)	(5,416,621)
Net Capital Assets	$ 623,568	$ 8,936,360	$ 9,559,928

NOTE 8 - RETIREMENT PLAN

Plan Description

The City contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Employee membership data related to the PERSI Base Plan, as of June 30, 2021 was as follows:

Retirees and beneficiaries currently receiving benefits	50,891
Terminated employees entitled to but not yet receiving benefits	14,539
Active plan members	73,563
Total	138,993

Pension Benefits

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

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

Member and Employer Contributions

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

NOTE 8 - RETIREMENT PLAN (Continued)

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The City's employer contributions required and paid were $24,303, $22,476, and, $21,434 for the three years ended September 30, 2021, 2020, and 2019. respectively.

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

At September 30, 2021, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, 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, 2021, the City's proportion was .00547595 percent.

For the year ended September 30, 2021, the City recognized pension expense (revenue) of ($2,235). At September 30, 2021, 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	$ 6,372	$ 2,514
Changes in assumptions or other inputs	49,643	
Net difference between projected and actual earnings on pension plan investments		135,838
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
City contributions subsequent to the measurement date	5,959	
Total	$ 61,974	$ 138,352

$5,959 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

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, 2021 the beginning of the measurement period ended June 30, 2020 is 4.8 and 4.8 for the measurement period June 30, 2021.

NOTE 8 - RETIREMENT PLAN (Continued)

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

Year ended June 30,	
2022	$ (19,368)
2023	$ (17,455)
2024	$ (15,254)
2025	$ (30,260)

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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.75%
Salary Inflation	3.75%
Investment rate of return	7.05%, net of pension plan investment expense
Cost of Living (COLA) Adjustments	1%

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

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2020 is based on the results of an actuarial valuation date July 1, 2021.

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

NOTE 8 - RETIREMENT PLAN (Continued)

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Asset Allocation	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	-0.20%
Broad Us Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assume Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Invest. Exp.		5.15%	3.06%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Exp.			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			6.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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.

NOTE 8 - RETIREMENT PLAN (Continued)

Sensitivity of the Employer'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 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 150,339	$ (4,325)	$ (131,106)

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, 2021, the City reported payables to the defined benefit pension plan of $1,051 for legally required employer contributions and $617 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 9 - INTERFUND TRANSACTIONS

Interfund transfers and due to/from for the City for the year ended June 30, 2021, are summarized below:

	Receiving Fund	Paying Fund	Amount
Due To/From:			
To cover current expenditures	Library Fund	General Fund	$ 833
To cover current expenditures	Water Fund	Sewer Fund	56,240

NOTE 10 - RESTRICTED ASSETS

Restricted amounts are listed in the cash note #2.

Legislation passed by the City placing restrictions on assets is referred to as enabling legislation. These restrictions are legally enforceable which allows external parties to force the City to follow their own restrictions. None of the City's restricted assets meet this criteria.

NOTE 11 - DEBT

The following is a summary of the City's long-term debt obligations and transactions for the year ended September 30, 2021:

		Beginning	Issued	Retired	Ending
6.00%	TFT&E - City Hall Building	$ 87,525		$ 17,631	$ 69,894
Unknown	Sewer DEQ Loan	1,320,000			1,320,000
1.625%	USDA Bond	2,313,212		44,492	2,268,720
3.85%	Capital Lease - Roller	33,973		4,805	29,168
		$ 3,798,418	$ 0	$ 66,928	$ 3,687,782

The annual requirements to amortize the City's debt as of September 30, 2021, is as follows:

Government Type Activities:

	Lease	Notes	Interest	Total
2022		$ 4,826	$ 1,964	$ 6,790
2023		5,123	1,667	6,790
2024		5,435	1,355	6,790
2025		5,775	1,015	6,790
2026		6,131	659	6,790
2027 - 2031		7,657	941	8,598
	$ 0	$ 34,947	$ 7,601	$ 42,548

Business Type Activities:

Water Fund

TFT&E - City Hall Building	Principal	Interest	Total
2022	$ 2,413	$ 982	$ 3,395
2023	2,562	834	3,396
2024	2,718	678	3,396
2025	2,888	508	3,396
2026	3,065	331	3,396
2027	3,254	142	3,396
2028	573	17	590
	$ 17,473	$ 3,492	$ 20,965

NOTE 11 - DEBT (Continued)

Roller Lease	Principal	Interest	Total
2022	$ 4,871	$ 1,156	$ 6,027
2023	5,058	969	6,027
2024	5,253	774	6,027
2025	13,986	392	14,378
	$ 29,168	$ 3,291	$ 32,459

Cost of the roller was $40,000 with $8,000 of accumulated depreciation.

Sewer Fund

The DEQ loan is part of an ongoing sewer project. The loan will not be finalized until the project is completed. At that time the total terms of the loan will be determined. At September 30, 2021, $1,320,000 have been drawn against the loan.

TFT&E - City Hall Building	Principal	Interest	Total
2022	$ 2,413	$ 982	$ 3,395
2023	2,562	834	3,396
2024	2,718	678	3,396
2025	2,888	508	3,396
2026	3,065	331	3,396
2027	3,254	142	3,396
2028	573	17	590
	$ 17,473	$ 3,492	$ 20,965

NOTE 11 - DEBT (Continued)

	USDA Bond		
2022	$ 45,214	$ 36,866	$ 82,080
2023	45,949	36,131	82,080
2024	46,696	35,384	82,080
2025	47,455	34,625	82,080
2026	48,226	33,854	82,080
2027	49,009	33,071	82,080
2028	49,806	32,274	82,080
2029	50,615	31,465	82,080
2030	51,438	30,642	82,080
2031	52,274	29,806	82,080
2032	53,123	28,957	82,080
2033	53,986	28,094	82,080
2034	54,864	27,216	82,080
2035	55,755	26,325	82,080
2036	56,661	25,419	82,080
2037	57,582	24,498	82,080
2038	58,518	23,562	82,080
2039	59,468	22,612	82,080
2040	60,435	21,645	82,080
2041	61,417	20,663	82,080
2042	62,415	19,665	82,080
2043	63,429	18,651	82,080
2044	64,460	17,620	82,080
2045	65,507	16,573	82,080
2046	66,572	15,508	82,080
2047	67,654	14,426	82,080
2048	68,753	13,327	82,080
2049	69,870	12,210	82,080
2050	71,006	11,074	82,080
2051	72,160	9,920	82,080
2052	73,332	8,748	82,080
2053	74,524	7,556	82,080
2054	75,735	6,345	82,080
2055	76,965	5,115	82,080
2056	78,216	3,864	82,080
2057	79,487	2,593	82,080
2058	80,127	1,953	82,080
	$ 2,268,702	$ 768,258	$ 3,036,960

NOTE 12 - Subsequent Event

The remaining balance ($69, 894) of the City Hall note was paid in full on October 7, 2021.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 451,301	$ 451,301
Resources (Inflows)				
Property Taxes	117,246	117,246	121,589	4,343
Property Tax Replacement	3,174	3,174	85	(3,089)
License, Permits and Fees	3,225	3,225	4,465	1,240
State Revenue	91,252	91,252	90,391	(861)
Building Inspection	10,000	10,000	26,675	16,675
Court Fines	2,000	2,000	5,659	3,659
Lease Revenue	3,228	3,228	2,600	(628)
Garbage Collection	57,162	57,162	58,887	1,725
Franchise Fees	2,500	2,500	3,267	767
Other Revenue	850	850	365	(485)
Investment Revenue	1,800	1,800	812	(988)
Total Revenues	292,437	292,437	314,795	22,358
Amount Available for Appropriations	292,437	292,437	766,096	473,659
Charges to Appropriations (Outflows)				
Administration	72,377	72,377	87,906	(15,529)
Police Department	94,760	94,760	102,284	(7,524)
Building Inspection	9,000	9,000	11,490	(2,490)
Animal Control	12,500	12,500	12,178	322
Waste Collection	32,000	32,000	30,455	1,545
Capital Outlay	25,000	25,000	0	25,000
Debt - Principal	4,555	4,555	4,545	10
Debt - Interest	2,245	2,245	2,245	0
Transfer Out	40,000	40,000	0	40,000
Total Charges to Appropriations	292,437	292,437	251,103	41,334
Ending Budgetary Fund Balance	$ 0	$ 0	$ 514,993	$ 514,993

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 61,578	$ 61,578
Resources (Inflows)				
Property Taxes	53,923	53,923	54,646	723
Property Tax Replacement			3,097	3,097
State Highway Users	31,265	31,265	53,943	22,678
Other State Revenue	31,961	31,961	50,091	18,130
City Highway	225	225	22,068	21,843
Investment Revenue	800	800	194	(606)
State Grants	100,000	100,000	0	(100,000)
Transfer In	40,000	40,000	0	(40,000)
Total Revenues	258,174	258,174	184,039	(74,135)
Amount Available for Appropriations	258,174	258,174	245,617	(12,557)
Charges to Appropriations (Outflows)				
Payroll and Benefits	56,151	56,151	56,463	(312)
Supplies	10,206	10,206	18,492	(8,286)
Office				0
Training				0
Street Repairs and Projects	67,565	67,565	49,904	17,661
Equipment Maintenance	10,000	10,000	1,117	8,883
Fuel	1,600	1,600	912	688
Street Lighting - Utilities	9,000	9,000	8,547	453
Capital Outlay	100,000	100,000		100,000
Liability Insurance	3,652	3,652	3,652	0
Total Charges to Appropriations	258,174	258,174	139,087	119,087
Ending Budgetary Fund Balance	$ 0	$ 0	$ 106,530	$ 106,530

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 90,000	$ 90,000	$ 25,254	$ (64,746)
Resources (Inflows)				
Property Taxes	24,388	24,388	24,613	225
Fees and Donations	51,500	51,500	23,485	(28,015)
Grants	20,000	20,000	1,399	(18,601)
Transfer In	0	0	0	0
Investment Revenue	800	800	115	(685)
Total Revenues	96,688	96,688	49,612	(47,076)
Amount Available for Appropriations	186,688	186,688	74,866	(111,822)
Charges to Appropriations (Outflows)				
Payroll and Benefits	31,698	31,698	31,711	(13)
Administrative Costs	2,900	2,900	1,317	1,583
Library Materials and Expenses	1,700	1,700	1,734	(34)
Supplies	625	625	1,199	(574)
Repairs	625	625	0	625
Training	200	200	0	200
Advertising	200	200	8	192
Utilities	2,000	2,000	2,502	(502)
Capital Outlay	146,740	146,740	339	146,401
Total Charges to Appropriations	186,688	186,688	38,810	147,878
Ending Budgetary Fund Balance	$ 0	$ 0	$ 36,056	$ 36,056

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 23,055	$ 23,055
Resources (Inflows)				
Property Taxes	21,419	21,419	22,248	829
Rental Income	500	500	640	140
Other Revenue	300	300	1,193	893
Investment Revenue	215	215	65	(150)
Total Revenues	22,434	22,434	24,146	1,712
Amount Available for Appropriations	22,434	22,434	47,201	24,767
Charges to Appropriations (Outflows)				
Salaries & Benefits	5,984	5,984	5,982	2
Park Maintenance and Projects	13,250	13,250	10,976	2,274
Utilities	3,200	3,200	2,549	651
Total Charges to Appropriations	22,434	22,434	19,507	2,927
Ending Budgetary Fund Balance	$ 0	$ 0	$ 27,694	$ 27,694

CITY OF HAGERMAN
HAGERMAN, IDAHO
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - BASE PLAN
LAST 10 FISCAL YEARS *

Year Ended June 30,	Employer's portion of net pension liability	Employer's proportionate share of the net pension liability	Employer's covered-employee payroll	Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.0054760%	$ (4,325)	$ 203,544	-2.12%	100.36%
2020	0.0050312%	$ 116,831	$ 188,241	62.06%	88.22%
2019	0.0049484%	$ 56,485	$ 186,288	30.32%	93.79%
2018	0.0036071%	$ 53,205	$ 112,055	47.48%	91.69%
2017	0.0035979%	$ 56,553	$ 113,074	50.01%	90.68%
2016	0.0036348%	$ 73,683	$ 108,348	68.01%	87.26%
2015	0.0034322%	$ 45,196	$ 97,368	46.42%	91.38%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*

Data reported is measured as of July 1, 2021

CITY OF HAGERMAN
HAGERMAN, IDAHO
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - BASE PLAN
LAST 10 FISCAL YEARS *

Year Ended June 30,	Statutorily required	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 24,303	$ 24,303	$ -	$ 203,544	11.94%
2020	$ 22,476	$ 22,476	$ -	$ 188,241	11.94%
2019	$ 21,344	$ 21,344	$ -	$ 186,288	11.46%
2018	$ 12,685	$ 12,685	$ -	$ 112,055	11.32%
2017	$ 12,800	$ 12,800	$ -	$ 113,074	11.32%
2016	$ 12,265	$ 12,265	$ -	$ 108,348	11.32%
2015	$ 11,022	$ 11,022	$ -	$ 97,368	11.32%
2014	*	*	*	*	*
2013	*	*	*	*	*
2012	*	*	*	*	*

Data reported is measured as of September 30, 2021

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

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

NOTE 1 - RECONCILIATION OF BUDGET TO GAAP

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with accounting principles generally accepted in the United States of America follows:

	General Fund	Street Fund	Library Fund	Recreation Fund
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 766,096	$ 245,617	$ 74,866	$ 47,201
Differences - Budget to GAAP				
For the fund revenue, transfers are not included as revenue, but, as "other financing sources."				
For the fund revenue, investment earnings are not included as revenue, but, as "other financing sources."	(812)	(194)	(115)	(65)
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(451,301)	(61,578)	(25,254)	(23,055)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 313,983	$ 183,845	$ 49,497	$ 24,081
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 251,103	$ 139,087	$ 38,810	$ 19,507
For the fund expenditures, transfers are not included as an expenditure, but, as "other financing sources."				
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 251,103	$ 139,087	$ 38,810	$ 19,507

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2021

NOTE 2 - BUDGET PROCESS

The city council adopts a budget on a basis consistent with the GAAP. The City is required to present the adopted and final amended budget of the general fund and all other funds shown as major funds in the fund financial statements. These items are presented in the required supplementary information section following the notes to the financial statements.

The following procedures are followed in establishing the budget for the City:

1) At least 28 days prior to its annual meeting, the city council shall have prepared a budget in a form prescribed by the state statute, and shall have notified the public of the budget hearing.

2) At the public hearing or a special meeting held no later than 14 days after the public hearing, the city council shall adopt a budget for the ensuing year.

3) The city council shall publish a summary statement of the budget in the local newspaper.

4) The City may amend the budget any time during the year but the above procedures must be followed each time a budget amendment is made.

5) The legal budget is adopted at the item level.

NOTE 3 - REQUIRED FUND DISCLOSURE

The following funds had excess actual expenditures over budgeted expenditures:

Fund	Budget	Actual	Overage
None	$	$	$ 0

NOTE 4 - PENSION DISCLOSURES

The following information is required to be disclosed as it relates to the pension:

- Changes of benefit terms: None

- Changes in composition of the population covered by the benefit terms: None

- Changes of assumptions:

	Beginning	Ending
Inflation	3.00%	2.30%
Salary Increases	3.75%	3.05%
Salary Inflation	3.75%	3.05%
Investment rate of return, net of pension plan investment expense	7.05%	6.35%

R. MICHAEL BURR
Certified Public Accountant
P.O. Box 2229
Twin Falls, ID 83303-2229
(208) 736-8747

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

Honorable Mayor and City Council
City of Hagerman
Hagerman, ID 83332

January 15, 2022

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Hagerman, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Hagerman's basic financial statements and have issued my report thereon dated January 15, 2022.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 and 2021-002.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider none of the deficiencies described in the accompany schedule of findings and responses to be significant deficiencies.

Compliance and Other Matters

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

City of Hagerman's Response to Findings

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

Purpose of this Report

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

Sincerely,

R. Michael Burr

R. Michael Burr
Certified Public Accountant

CITY OF HAGERMAN
HAGERMAN, IDAHO
SCHEDULE OF FINDINGS AND RESPONSES
SEPTEMBER 30, 2021

Significant Deficiency
FINDING 2021-001: Lack of Segregation of Duties

Condition: Only two people are employed by the City in the accounting department which does not allow for a strict segregation of duties.

Criteria: Segregation of duties is an internal control that should be in place to provide reasonable assurance that one person does not have complete control over the entire accounting system.

Cause: There are not enough personnel hired to segregate the accounting functions.

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

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

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation. However, due to a lack of financial resources to pay for the additional staff and other controls currently in place, no action will be taken at this point.

FINDING 2021-002: Lack of Review on Financial Statements

Condition: Expenditures were listed twice in the financial statements. Some were from prior year's accounts payable listed twice and the others were form November/December invoices being posted from accounts payable module twice.

Criteria: Expenditures should only be entered once in the general ledger.

Cause: Lack of review of financial statements and accounts payable ledger balances.

Effect: Allowed for double posting of expenditures which resulted in an over statement of expenditures for $217,090.

Recommendation: Review statements monthly.

Views of Responsible Officials and Planned Corrective Actions: We concur with the recommendation.

Material Weakness

None

Summary Schedule of Prior Audit Findings

FINDING 2020-001: Lack of Segregation of Duties — The City took no action on finding.