CITY OF HAGERMAN
HAGERMAN, IDAHO
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Hagerman
Hagerman, Idaho 83332

January 15, 2023

Report on the Audit of the Financial Statements
Opinions

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 the City of Hagerman, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Hagerman's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Hagerman and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87 - Leases. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

My 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 my 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*, I:

- 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 Hagerman'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Hagerman's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

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 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. 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, 2023, on my 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 solely 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 the effectiveness of the City of Hagerman'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 Hagerman's internal control over financial reporting and compliance

R. Michael Burr

R. Michael Burr
Certified Public Accountant

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 230,142	
Restricted - Cash and Cash Equivalents	107,082	
Investments	275,027	
Restricted - Investments	104,473	
Inventory	7,180	
Net Receivables	56,415	
TOTAL CURRENT ASSETS		$ 780,319
NONCURRENT ASSETS		
Long-Term Receivables	$ 4,645	
Restricted - Investments		
Non-depreciated Assets		
Intangible Lease Asset	21,381	
Depreciated Assets (net)	588,615	
TOTAL NONCURRENT ASSETS		614,641
TOTAL ASSETS		1,394,960
DEFERRED OUTFLOWS OF RESOURCES		
Pension Obligations	$ 55,826	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		55,826
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 2,052	
Payroll Payable	10,460	
Unearned Revenue		
Accrued Interest Payable		
Current Portion of Long-term Debt	2,038	
TOTAL CURRENT LIABILITIES		14,550
NONCURRENT LIABILITIES		
Net Pension Liability	$ 104,364	
Lease Asset Payable	12,415	
Bond Payable (net current portion)		
Note Payable (net current portion)		
TOTAL NONCURRENT LIABILITIES		116,779
TOTAL LIABILITIES		131,329

Business-type Activities		Total	
$ 304,332		$ 534,474	
		107,082	
1,051,581		1,326,608	
		104,473	
		7,180	
106,375		162,790	
	$ 1,462,288		$ 2,242,607
		$ 4,645	
$ 252,754		252,754	
1,700,367		1,700,367	
		21,381	
8,014,433		8,603,048	
	9,967,554		10,582,195
	11,429,842		12,824,802
$ 68,213		124,039	
	68,213		124,039
$ 79,829		$ 81,881	
1,073		11,533	
1,477		1,477	
3,166		3,166	
51,202		53,240	
	136,747		151,297
$ 127,520		231,884	
		12,415	
3,684,558		3,684,558	
19,045		19,045	
	3,831,123		3,947,902
	3,967,870		4,099,199

Continued

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

	Governmental Activities	
DEFERRED INFLOWS OF RESOURCES		
Lease Sources		
Pension Sources	$ 466	
TOTAL DEFERRED INFLOWS OF RESOURCES		466
NET POSITION		
Invested in Capital Assets, net of related debt	$ 595,543	
Restricted for:		
Street Projects	167,720	
Library	38,643	
Park	37,408	
Debt		
Unrestricted	479,677	
TOTAL NET POSITION		$ 1,318,991

See accompanying notes to the basic financial statements

Business-type Activities		Total	
$ 14,023		$ 14,023	
569		1,035	
	14,592		15,058
$ 9,568,235		$ 10,163,778	
		167,720	
		38,643	
		37,408	
252,754		252,754	
(2,305,396)		(1,825,719)	
	$ 7,515,593		$ 8,834,584

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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	$ 93,954			
Building Inspection	10,646	$ 12,112		
Police Department	133,618			
Animal Control	15,867			
Waste Collection	32,827	59,315		
Street Maintenance	168,023		$ 70,111	$ 72,550
Library Services	48,287	5,102	9,426	
Recreational/Park Services	21,217			
Debt Service - Interest on Debt	919			
Total Governmental Activities	525,358	76,529	79,537	72,550
Business-Type Activities				
Waterworks	391,652	273,952	60,776	161,930
Sewer	515,431	406,097	48,020	144,520
Total Business-Type Activities	907,083	680,049	108,796	306,450
Total Primary Government	$ 1,432,441	$ 756,578	$ 188,333	$ 379,000
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 (Restated)				
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
$ (93,954)		$ (93,954)
1,466		1,466
(133,618)		(133,618)
(15,867)		(15,867)
26,488		26,488
(25,362)		(25,362)
(33,759)		(33,759)
(21,217)		(21,217)
(919)		(919)
(296,742)		(296,742)
	$ 105,006	105,006
	83,206	83,206
0	188,212	188,212
(296,742)	188,212	(108,530)
243,999		243,999
3,182		3,182
149,736		149,736
3,999		3,999
22,024		22,024
736	14,023	14,759
2,024	7,810	9,834
425,700	21,833	447,533
128,958	210,045	339,003
1,190,033	7,305,548	8,495,581
$ 1,318,991	$ 7,515,593	$ 8,834,584

CITY OF HAGERMAN
HAGERMAN, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

	General Fund	Street Fund
ASSETS		
Cash and Cash Equivalents	$ 230,142	
Restricted - Cash		$ 94,301
Investments	275,027	
Restricted - Investments		45,766
Property Taxes Receivable	3,978	1,754
Accounts Receivable	5,486	
Due From Other Governments	22,056	26,300
TOTAL ASSETS	$ 536,689	$ 168,121
LIABILITIES		
Accounts Payable	$ 974	$ 160
Payroll Payable	8,108	2,276
TOTAL LIABILITIES	9,082	2,436
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Property Taxes	2,560	1,129
TOTAL DEFERRED INFLOWS OF RESOURCES	2,560	1,129
FUND BALANCES		
Restricted - Street Fund		164,556
Restricted - Library Fund		
Restricted - Park Fund		
Unassigned	525,047	
TOTAL FUND BALANCES	525,047	164,556
TOTAL LIABILITIES, DEFERRED INFOWS, AND FUND BALANCES	$ 536,689	$ 168,121

See accompanying notes to the basic financial statements

Library Fund	Park Fund	Total Governmental Funds
		$ 230,142
$ 869	$ 11,912	107,082
		275,027
37,112	21,595	104,473
789	697	7,218
		5,486
		48,356
$ 38,770	$ 34,204	$ 777,784
$ 127	$ 791	$ 2,052
	76	10,460
127	867	12,512
508	448	4,645
508	448	4,645
		164,556
38,135		38,135
	32,889	32,889
		525,047
38,135	32,889	760,627
$ 38,770	$ 34,204	$ 777,784

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Street Fund
REVENUES		
Property Taxes	$ 135,954	$ 60,330
Property Tax Replacement	85	3,097
City Highway Tax		986
License, Permits and Fees	4,692	
State Revenue	94,127	124,734
Building Inspection	12,112	
Court Fines	3,999	
Grant Revenue		
Garbage Collection	59,315	
Franchise Fees	1,539	10,590
Other Revenue	5,203	
TOTAL REVENUES	317,026	199,737
EXPENDITURES		
Administration	80,161	
Police Enforcement	133,618	
Building Inspection	10,646	
Animal Control	15,867	
Waste Collection	32,827	
Street Maintenance		141,944
Library Services		
Recreational/Park Services		
Capital/Grant Outlay		
Debt - Principal	34,947	
Debt - Interest	353	
TOTAL EXPENDITURES	308,419	141,944
EXCESS REVENUES OVER (UNDER) EXPENDITURES	8,607	57,793
OTHER FINANCING SOURCES (USES)		
Investment Revenue	1,447	233
TOTAL OTHER FINANCING SOURCES (USES)	1,447	233
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	10,054	58,026
FUND BALANCE - BEGINNING (Restated)	514,993	106,530
FUND BALANCE - ENDING	$ 525,047	$ 164,556

See accompanying notes to the basic financial statements

Library Fund	Park Fund	Total Governmental Funds
$ 27,513	$ 24,813	$ 248,610
		3,182
		986
		4,692
		218,861
		12,112
		3,999
9,426		9,426
		59,315
		12,129
5,102	736	11,041
42,041	25,549	584,353
		80,161
		133,618
		10,646
		15,867
		32,827
		141,944
40,195		40,195
	20,465	20,465
		0
		34,947
		353
40,195	20,465	511,023
1,846	5,084	73,330
233	111	2,024
233	111	2,024
2,079	5,195	75,354
36,056	27,694	685,273
$ 38,135	$ 32,889	$ 760,627

CITY OF HAGERMAN
HAGERMAN, IDAHO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2022

Total Governmental Fund Balances		$ 760,627
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, $21,381 of intangible lease assets, and $1,209,451 of depreciable assets net of accumulated depreciation of $620,836	$ 609,996	
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	4,645	
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.	0	
Amounts resulting from pension liabilities as a result of GASB 68 are not recorded in the fund statements:		
-Deferred Outflows Pension Obligations	55,826	
-Deferred Inflows Pension Sources	(466)	
-Net Pension Liability	(104,364)	
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:		
Intangible Lease Payable	(14,453)	
Net Changes		558,364
Net Position of Governmental Activities		$ 1,318,991

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, 2022

Net Change in Fund Balances - Governmental Fund Balances		$ 75,354
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	$ (33,876)	
- Capital Outlay	0	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(4,611)	
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.	(17,512)	
In the Statement of Activities, interest is accrued on outstand debt, whereas in governmental funds, an interest expenditure is reported when due.	(162)	
In the Statement of Activities, contributed assets are considered an other financing source.	72,550	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position.	37,215	
Net Changes		53,604
Change in Net Position of Governmental Activities		$ 128,958

See accompanying notes to the basic financial statements

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

	Waterworks	Sewer	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 56,155	$ 248,177	$ 304,332
Investments	652,014	399,567	1,051,581
Net Receivables	21,693	84,682	106,375
TOTAL CURRENT ASSETS	729,862	732,426	1,462,288
NONCURRENT ASSETS			
Restricted Investments	41,784	210,970	252,754
Non-depreciated Assets	4,000	1,696,367	1,700,367
Capital Assets (net)	685,022	7,329,411	8,014,433
TOTAL NONCURRENT ASSETS	730,806	9,236,748	9,967,554
TOTAL ASSETS	1,460,668	9,969,174	11,429,842
DEFERRED OUTFLOWS OF RESOURCES			
Pension Obligations	34,194	34,019	68,213
TOTAL DEFERRED OUTFLOWS OF RESOURCES	34,194	34,019	68,213
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	68,575	11,254	79,829
Payroll Payable	551	522	1,073
Unearned Revenue	844	633	1,477
Accrued Interest Payable	1,540	1,626	3,166
Current Portion of Long-term Debt	5,253	45,949	51,202
TOTAL CURRENT LIABILITIES	76,763	59,984	136,747
NONCURRENT LIABILITIES			
Net Pension Liability	63,924	63,596	127,520
Bond Payable (net current portion)		3,684,558	3,684,558
Note/Lease Payable (net current portion)	19,045		19,045
TOTAL NONCURRENT LIABILITIES	82,969	3,748,154	3,831,123
TOTAL LIABILITIES	159,732	3,808,138	3,967,870

See accompanying notes to the basic financial statements

	Waterworks	Sewer	Total
DEFERRED INFLOWS OF RESOURCES			
Lease Sources		$ 14,023	$ 14,023
Pension Sources	$ 285	284	569
TOTAL DEFERRED INFLOWS OF RESOURCES	285	14,307	14,592
NET POSITION			
Restricted - Debt Service		210,970	210,970
Restricted - Grants	41,784		
Unrestricted	1,293,061	5,969,778	7,262,839
TOTAL NET POSITION	$ 1,334,845	$ 6,180,748	$ 7,515,593

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Waterworks Fund	Sewer Fund	Total
OPERATING REVENUES			
Service Fees	$ 227,698	$ 361,744	$ 589,442
Hook-up Fees	38,468	38,478	76,946
Other Revenue	7,786	5,875	13,661
TOTAL OPERATING REVENUES	273,952	406,097	680,049
OPERATING EXPENSES			
Payroll - Administrative	60,594	58,375	118,969
Insurance	3,907	3,907	7,814
Professional Fees	24,734	11,528	36,262
Office Supplies/Expense	9,337	8,181	17,518
Bad Debts	0	1,142	1,142
Payroll - Operations	59,588	63,673	123,261
Supplies	25,307	29,473	54,780
Utilities - Operations	13,140	18,999	32,139
Repairs and Maintenance	9,664	62,035	71,699
Gas & Oil	3,670	4,251	7,921
Lab Fees	1,271	4,660	5,931
Training	1,502	562	2,064
Water Master Plan	77,110	0	77,110
Assessments/Studies	4,018	0	4,018
Depreciation	96,476	211,601	308,077
TOTAL OPERATING EXPENSES	390,318	478,387	868,705
OPERATING INCOME (LOSS)	(116,366)	(72,290)	(188,656)
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	3,526	4,284	7,810
Contributed Assets	161,930	144,520	306,450
Land Lease		14,023	14,023
Federal Grant Revenue	60,776	48,020	108,796
Interest Expense	(1,334)	(37,044)	(38,378)
TOTAL NON-OPERATING REVENUE (EXPENSES)	224,898	173,803	398,701
CHANGE IN NET POSITION	108,532	101,513	210,045
TOTAL NET POSITION - BEGINNING (Restated)	1,226,313	6,079,235	7,305,548
TOTAL NET POSITION - ENDING	$ 1,334,845	$ 6,180,748	$ 7,515,593

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, 2022

	Waterworks	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts Form Customers	$ 274,881	$ 359,999	$ 634,880
Payments to Suppliers	(98,920)	(110,155)	(209,075)
Payments to Employees	(120,182)	(122,048)	(242,230)
NET CASH PROVIDED BY OPERATING ACTIVITIES	55,779	127,796	183,575
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Borrowing from Federal Grant Sources		187,001	187,001
Borrowing (Payments) Under Interfund Loan Agreements	(56,240)	56,240	0
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	(56,240)	243,241	187,001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Capital Debt	(22,344)	(62,688)	(85,032)
Grant Proceeds	60,776	48,020	108,796
Interest Paid on Capital Debt	(1,334)	(37,044)	(38,378)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	37,098	(51,712)	(14,614)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Capital Assets		(156,499)	(156,499)
Land Lease Proceeds		14,023	14,023
Interest	3,526	4,284	7,810
CASH FLOWS FROM INVESTING ACTIVITIES	3,526	(138,192)	(134,666)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	40,163	181,133	221,296
BALANCES - BEGINNING OF THE YEAR	709,790	677,581	1,387,371
BALANCES - END OF THE YEAR	$ 749,953	$ 858,714	$ 1,608,667
BALANCE DISPLAYED AS:			
Cash	$ 56,155	$ 248,177	$ 304,332
Investments	652,014	399,567	1,051,581
Restricted Investments	41,784	210,970	252,754
	$ 749,953	$ 858,714	$ 1,608,667

(Continued)

CITY OF HAGERMAN
HAGERMAN, IDAHO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Waterworks	Sewer	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (116,366)	$ (72,290)	$ (188,656)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivable	929	(46,098)	(45,169)
Increase (Decrease) in Payroll Payable	126	114	240
Increase (Decrease) in Unearned Revenue	0	0	0
Increase (Decrease) in Accounts Payable	66,366	9,378	75,744
Increase (Decrease) in Accrued Interest Payable	0	0	0
Increase (Decrease) in Deferred Pension In/Outflow	8,248	11,068	19,316
Increase (Decrease) in Deferred Lease Inflow	0	14,023	14,023
Depreciation	96,476	211,601	308,077
Net Cash Provided (Used) by Operating Activities	$ 55,779	$ 127,796	$ 183,575
NON-CASH TRANSACTIONS			
Contributed Assets	$ 161,930	$ 144,520	$ 306,450

See accompanying notes to the basic financial statements

NOTES TO BASIC
FINANCIAL STATEMENTS

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022.

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, 2022, the City had a carrying value of cash deposits of $641,556 and a bank balance of $639,111. Based on the above definitions, the City is subject to $389,111 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 $1,683,835($1,683,835 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	$ 94,301	$ 45,766	$ 140,067
Library Fund - Capital Outlay and Operations	869	37,112	37,981
Park Fund - Park Maintenance	11,912	21,595	33,507
Sewer Fund - Debt Service		210,970	210,970
	$ 107,082	$ 315,443	$ 422,525

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, 2021, upon which the 2021 levy was based was $66,047,891.

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

The tax rates assessed, per $100 of valuation, for the year ended September 30, 2022, and maximum levy rates limited by Idaho Code Section 50-235 are as follows:

Type	% Rate	Maximum Rate
General	0.1880	0.9000
Street	0.0829	No Limit
Library	0.0373	0.1000
Park	0.0329	0.0600

At September 30, 2022, the components of taxes receivable are as follows:

Fund	2021	2020	2019	Total
General Fund	$ 3,217	$ 592	$ 169	$ 3,978
Street Fund	1,418	272	64	1,754
Library Fund	638	122	29	789
Park Fund	564	108	25	697
Total	$ 5,837	$ 1,094	$ 287	$ 7,218

For fund financial statements, the recognition of revenue on taxes receivable shall not exceed 60 days collection after the September 30, 2022, year end. The collections for the 60 day period have been estimated based on prior years collection percentages. Property taxes uncollected by November 30, 2022, are deferred inflows of tax revenue. The components of deferred inflows of tax revenue are as follows:

Fund	Amount
General Fund	$ 2,560
Street Fund	1,129
Library Fund	508
Park Fund	448
Total	$ 4,645

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, 2022, are as follows:

Description - Source	General Fund	Street Fund	Total
Highway User - State		$ 11,414	$ 11,414
Liquor Apportionment - State	$ 7,170		7,170
Revenue Share - State	14,886	14,886	29,772
Total	$ 22,056	$ 26,300	$ 48,356

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	$ 9,702
Library	4,154
Street	20,020
Total	$ 33,876

NOTE 7 - CAPITAL ASSET ACTIVITY (Continued)

Capital asset activity for the City's governmental functions for the year ended September 30, 2022, 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:				
Intangible Lease Asset	0	21,381		21,381
Buildings and Improvements	559,878			559,878
Infrastructure	244,871	72,550		317,421
Equipment	182,096			182,096
Library	143,216			143,216
Automobiles	6,840			6,840
Subtotal	1,136,901	93,931	0	1,230,832
Less accumulated depreciation for:				
Leased Asset Amortization	0	(8,552)		(8,552)
Buildings and Improvements	(213,455)	(12,720)		(226,175)
Infrastructure	(67,163)	(12,404)		(79,567)
Equipment	(149,872)	(6,614)		(156,486)
Library	(143,216)			(143,216)
Automobiles	(6,840)			(6,840)
Subtotal	(552,939)	(40,290)	0	(620,836)
Net Depreciated Assets	583,962	53,641	0	609,996
Net Capital Assets	$ 583,962	$ 53,641	$ 0	$ 609,996

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	156,499	156,499
Easements	0	16,821	16,821
Buildings	158,920	115,142	274,062
Equipment	167,747	177,260	345,007
Systems	2,784,853	10,318,388	13,103,241
	3,115,520	12,323,978	15,439,498
Less: Accumulated Depreciation	(2,426,498)	(3,298,200)	(5,724,698)
Net Capital Assets	$ 689,022	$ 9,025,778	$ 9,714,800

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, 2022 was as follows:

Retirees and beneficiaries currently receiving benefits	53,190
Terminated employees entitled to but not yet receiving benefits	15,489
Active plan members	74,409
Total	143,088

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, 2022 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 $29,143, $24,303, and, $22,476 for the three years ended September 30, 2022, 2021, and 2020. respectively.

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

At September 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, 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, 2022, the City's proportion was .00588726 percent.

For the year ended September 30, 2022, the City recognized pension expense (revenue) of $36,828. At September 30, 2022, 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	$ 25,499	$ 1,035
Changes in assumptions or other inputs	37,804	
Net difference between projected and actual earnings on pension plan investments	53,354	
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	7,382	
Total	$ 124,039	$ 1,035

$7,382 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, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2022 the beginning of the measurement period ended June 30, 2021 is 4.6 and 4.6 for the measurement period June 30, 2022.

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	$ 27,649
2023	$ 30,016
2024	$ 13,882
2025	$ 44,074

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 following are the actuarial assumptions and the entry age normal cost method, applied to all periods included

Inflation	2.30%
Salary Increases	3.05%
Salary Inflation	3.05%
Investment rate of return	6.35%
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%.
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, 2022 is based on the results of an actuarial valuation date July 1, 2022.

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 2022.

Asset Allocation	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Midcap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%
	100.00%	

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 Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 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)	$ 409,254	$ 231,885	$ 86,713

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, 2022, the City reported payables to the defined benefit pension plan of $1,791 for legally required employer contributions and $1,051 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, 2022, are summarized below:

	Receiving Fund	Paying Fund	Amount
Due To/From:			
None			$ 0

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, 2022:

		Beginning	Issued	Retired	Ending
6.00%	TFT&E - City Hall Building	$ 69,894		$ 69,894	$ 0
Unknown	Sewer DEQ Loan	1,320,000	$ 187,001		1,507,001
1.625%	USDA Bond	2,268,720		45,214	2,223,506
4.695%	Intangible Lease - Copiers	16,397		1,944	14,453
3.85%	Capital Lease - Roller	29,168		4,871	24,297
		$ 3,798,418	$ 187,001	$ 121,923	$ 3,769,257

The annual requirements to amortize the City's debt as of September 30, 2022, is as follows:

Government Type Activities:

GASB 87 requires the reporting of leases once referred to as operating leases as lease liabilities and the offsetting asset as an intangible lease asset. In January, 2019, the City entered into a lease for copiers with US Bank. The general information and terms are as follows:

Asset Value	$ 21,381
Major Class	Copier Equipment
Commencement Date	January , 2019
Implied Interest Rate	4.695%
Payment Amount	$ 222.73
Payment Frequency	Monthly
Number of Payments	120
Variable Payments	None
Other Payments	None
Residual Value Guarantees	None
Total Cash Outflows for Year	$ 2,672.76
Impairment Loss Commitments	None
Commitments Prior to Lease Term	None

	Lease	Notes	Interest	Total
2023	$ 2,038		$ 635	$ 2,673
2024	2,135		538	2,673
2025	2,238		435	2,673
2026	2,345		328	2,673
2027	2,458		215	2,673
2028	2,576		97	2,673
2029	663		5	668
	$ 14,453	$ 0	$ 2,253	$ 16,706

NOTE 11 - DEBT (Continued)

Business Type Activities:

Water Fund

Roller Lease	Principal	Interest	Total
2023	$ 5,058	$ 969	$ 6,027
2024	5,253	774	6,027
2025	13,986	392	14,378
	$ 24,297	$ 2,135	$ 26,432

Cost of the roller was $40,000 with $12,000 of accumulated depreciation.

Sewer Fund

USDA Bond			
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

NOTE 11 - DEBT (Continued)

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	80,145	1,935	82,080
	$ 2,223,506	$ 731,374	$ 2,954,880

The Sewer DEQ loan has not yet been finalized and amortized.

NOTE 12 - GASB 87 LEASES

The District implemented the standards of GASB 87 Leases this year. Under these standards, the District has adjustments to make to beginning net position amounts to reflect the new standard for a lease in place prior to this current fiscal year. The adjustments are as follows:

	Governmental Activities	Proprietary Sewer Fund / Business Type
Original Net Position	$ 1,191,463	$ 7,305,008
Add:		
Intangible Lease Asset	21,381	
Prior Principal Payments on Lease Liability	4,984	
Original Lease Receivable		70,015
Prior Amortization on Lease Deferred Inflow		42,069
Less:		
Original Lease Liability	(21,381)	
Prior Amortization on Lease Asset	(6,414)	
Original Lease Deferred Inflow		(70,015)
Prior Collections on Lease Receivable		(41,529)
Restated Net Position	$ 1,190,033	$ 7,305,548

REQUIRED SUPPLEMENTAL INFORMATION SECTION

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 23,582	$ 23,582	$ 514,993	$ 491,411
Resources (Inflows)				
Property Taxes	119,805	119,805	135,954	16,149
Property Tax Replacement	1,077	1,077	85	(992)
License, Permits and Fees	3,635	3,635	4,692	1,057
State Revenue	81,068	81,068	94,127	13,059
Building Inspection	15,000	15,000	12,112	(2,888)
Court Fines	6,000	6,000	3,999	(2,001)
Lease Revenue	4,800	4,800	4,800	0
Garbage Collection	61,344	61,344	59,315	(2,029)
Franchise Fees	2,245	2,245	1,539	(706)
Other Revenue	600	600	403	(197)
Investment Revenue	1,008	1,008	1,447	439
Total Revenues	296,582	296,582	318,473	21,891
Amount Available for Appropriations	320,164	320,164	833,466	513,302
Charges to Appropriations (Outflows)				
Administration	107,344	107,344	80,161	27,183
Police Enforcement	135,738	135,738	133,618	2,120
Building Inspection	9,000	9,000	10,646	(1,646)
Animal Control	12,500	12,500	15,867	(3,367)
Waste Collection	32,000	32,000	32,827	(827)
Capital Outlay	0	0	0	0
Debt - Principal	23,582	23,582	34,947	(11,365)
Debt - Interest	0	0	353	(353)
Transfer Out	0	0	0	0
Total Charges to Appropriations	320,164	320,164	308,419	11,745
Ending Budgetary Fund Balance	$ 0	$ 0	$ 525,047	$ 525,047

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
STREET FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 106,530	$ 106,530
Resources (Inflows)				
Property Taxes	55,212	55,212	60,330	5,118
Property Tax Replacement	0	0	3,097	3,097
State Highway Users	22,916	22,916	69,125	46,209
Other State Revenue	46,123	46,123	55,609	9,486
City Highway	225	225	986	761
Investment Revenue	125	125	233	108
State Grants	60,000	60,000	0	(60,000)
Franchise Fees	7,548	7,548	10,590	3,042
Transfer In	0	0	0	0
Total Revenues	192,149	192,149	199,970	7,821
Amount Available for Appropriations	192,149	192,149	306,500	114,351
Charges to Appropriations (Outflows)				
Payroll and Benefits	50,065	50,065	53,757	(3,692)
Supplies	10,206	10,206	10,754	(548)
Office	0	0	0	0
Training	0	0	1,836	(1,836)
Street Repairs and Projects	112,565	112,565	58,917	53,648
Equipment Maintenance	5,000	5,000	883	4,117
Fuel	1,000	1,000	3,166	(2,166)
Street Lighting - Utilities	9,405	9,405	8,724	681
Capital Outlay	0	0	0	0
Liability Insurance	3,908	3,908	3,907	1
Total Charges to Appropriations	192,149	192,149	141,944	50,205
Ending Budgetary Fund Balance	$ 0	$ 0	$ 164,556	$ 164,556

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 20,000	$ 20,000	$ 36,056	$ 16,056
Resources (Inflows)				
Property Taxes	25,119	25,119	27,513	2,394
Fees and Donations	51,340	51,340	5,102	(46,238)
Grants	20,000	20,000	8,426	(11,574)
Federal Grants	0	0	1,000	1,000
Transfer In	0	0	0	0
Investment Revenue	72	72	233	161
Total Revenues	96,531	96,531	42,274	(54,257)
Amount Available for Appropriations	116,531	116,531	78,330	(38,201)
Charges to Appropriations (Outflows)				
Payroll and Benefits	32,500	32,500	31,304	1,196
Administrative Costs	2,900	2,900	1,360	1,540
Library Materials and Expenses	56,421	56,421	4,451	51,970
Supplies	1,250	1,250	1,307	(57)
Repairs	20,000	20,000	0	20,000
Training	200	200	0	200
Advertising	100	100	29	71
Utilities	2,160	2,160	1,744	416
Capital Outlay	1,000	1,000	0	1,000
Total Charges to Appropriations	116,531	116,531	40,195	76,336
Ending Budgetary Fund Balance	$ 0	$ 0	$ 38,135	$ 38,135

CITY OF HAGERMAN
HAGERMAN, IDAHO
BUDGETARY COMPARISON SCHEDULE
PARK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Budgetary Fund Balance - Beginning	$ 0	$ 0	$ 27,694	$ 27,694
Resources (Inflows)				
Property Taxes	21,953	21,953	24,813	2,860
Rental Income	500	500	200	(300)
Other Revenue	25	25	536	511
Investment Revenue	100	100	111	11
Total Revenues	22,578	22,578	25,660	3,082
Amount Available for Appropriations	22,578	22,578	53,354	30,776
Charges to Appropriations (Outflows)				
Salaries & Benefits	6,171	6,171	6,326	(155)
Park Maintenance and Projects	13,207	13,207	11,781	1,426
Utilities	3,200	3,200	2,358	842
Total Charges to Appropriations	22,578	22,578	20,465	2,113
Ending Budgetary Fund Balance	$ 0	$ 0	$ 32,889	$ 32,889

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
2022	0.5887300%	$ 231,885	$ 244,076	95.01%	83.09%
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	*	*	*	*	*

Data reported is measured as of June 30, 2022

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
2022	$ 29,143	$ 29,143	$ -	$ 244,076	11.94%
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	*	*	*	*	*

Data reported is measured as of September 30, 2022

* 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, 2022

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	$ 833,466	$ 306,500	$ 78,330	$ 53,354
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."	(1,447)	(233)	(233)	(111)
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(514,993)	(106,530)	(36,056)	(27,694)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$ 317,026	$ 199,737	$ 42,041	$ 25,549
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 308,419	$ 141,944	$ 40,195	20,465
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	$ 308,419	$ 141,944	$ 40,195	$ 20,465

CITY OF HAGERMAN
HAGERMAN, IDAHO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2022

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: None

R. MICHAEL BURR
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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, 2023

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, 2022, 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, 2023.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001.

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, 2022

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.

Material Weakness

None

Summary Schedule of Prior Audit Findings

FINDING 2021-001: Lack of Segregation of Duties	The City took no action on finding.
FINDING 2021-002: Lack of Review of Financial Statements	This item was corrected.