

**HOUSING AUTHORITY OF THE
CITY OF CALDWELL, IDAHO**

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended December 31, 2020

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Independent Auditor's Report

Commissioners of the
Housing Authority of the
City of Caldwell, Idaho
Caldwell, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each fund of the Housing Authority of the City of Caldwell, Idaho (the Housing Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each fund of the Housing Authority of the City of Caldwell, Idaho, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedule of the Housing Authority's proportionate share of the net pension liability and schedule of Housing Authority contributions on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2021, on our consideration of the Housing Authority's internal control over financial reporting and our tests of 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Zwyzart John & Associates, CPAs PLLC

Nampa, Idaho
October 7, 2021

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Net Position
December 31, 2020

	Operating Fund	Store Fund	Development Fund	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 645,616	\$ 36,350	\$ 1,901	\$ 683,867
Accounts Receivable, Net	26,365	-	-	26,365
Prepaid Items	21,145	-	-	21,145
Inventory	-	15,939	-	15,939
Due (to)/from Other Funds	1,217	-	(1,217)	-
Total Current Assets	694,343	52,289	684	747,316
Noncurrent Assets:				
Restricted Assets:				
Deposit Funds	141,532	-	-	141,532
Land	240,000	-	-	240,000
Buildings and Improvements, Net	1,421,003	-	-	1,421,003
Equipment, Net	147,196	9,970	-	157,166
Waste Water Project, Net	1,182,497	-	-	1,182,497
Investments in Property	(2,000)	-	42,429	40,429
Total Noncurrent Assets	3,130,228	9,970	42,429	3,182,627
Total Assets	3,824,571	62,259	43,113	3,929,943
Deferred Outflows				
Pension Related Items	128,540	-	-	128,540
Total Deferred Outflows	128,540	-	-	128,540
Liabilities				
Current Liabilities:				
Accounts Payable	45,159	41	-	45,200
Accrued Interest	4,335	-	-	4,335
Accrued Benefits - Current Portion	3,139	-	-	3,139
Accrued Liabilities	20,856	-	-	20,856
Security Deposits	99,352	-	-	99,352
Notes Payable - Current Portion	67,175	-	-	67,175
Total Current Liabilities	240,016	41	-	240,057
Noncurrent Liabilities:				
Accrued Benefits - Long Term Portion	28,249	-	-	28,249
Notes Payable - Long Term Portion	2,975,023	-	-	2,975,023
Net Pension Liability	395,113	-	-	395,113
Total Noncurrent Liabilities	3,398,385	-	-	3,398,385
Total Liabilities	3,638,401	41	-	3,638,442
Deferred Inflows				
Pension Related Items	12,901	-	-	12,901
Total Deferred Inflows	12,901	-	-	12,901
Net Position				
Invested in Capital Assets, Net of Related Debt	(53,502)	9,970	42,429	(1,103)
Unrestricted	313,131	52,248	684	366,063
Restricted	42,180	-	-	42,180
Total Net Position	\$ 301,809	\$ 62,218	\$ 43,113	\$ 407,140

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

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Revenues and Expenses
For the Year Ended December 31, 2020

	Operating Fund	Store Fund	Development Fund	Total
Operating Revenues				
Tenant Rent and Subsidy	\$ 1,931,003	\$ -	\$ -	\$ 1,931,003
Non-Dwelling Rent	31,585	-	-	31,585
Sales	-	289,189	-	289,189
Other Project Income	93,508	-	-	93,508
Total Operating Revenues	<u>2,056,096</u>	<u>289,189</u>	<u>-</u>	<u>2,345,285</u>
Operating Expenses				
Salaries - Management	261,736	-	-	261,736
Salaries - Repairs and Maintenance	411,456	-	-	411,456
Payroll Taxes and Employee Benefits	241,663	-	-	241,663
Sales Tax Expense	-	15,288	-	15,288
Computer Consultant	35,885	-	-	35,885
Merchant Fees	-	231,777	-	231,777
Grounds Maintenance	136,420	-	-	136,420
Insurance - Medical	155,822	-	-	155,822
Insurance - Other	47,547	-	-	47,547
Legal and Accounting	5,627	-	-	5,627
Other Management Expenses	58,253	3,101	-	61,354
Repair and Maintenance	254,491	3,855	-	258,346
Security Services	549	-	-	549
Utilities and Telephone	35,056	4,075	-	39,131
Miscellaneous	4,846	-	-	4,846
Water and Irrigation	98,566	-	-	98,566
Water Treatment	23,676	-	-	23,676
Depreciation and Amortization	410,210	3,134	-	413,344
Total Operating Expenses	<u>2,181,803</u>	<u>261,230</u>	<u>-</u>	<u>2,443,033</u>
Operating Income (Loss)	<u>(125,707)</u>	<u>27,959</u>	<u>-</u>	<u>(97,748)</u>
Nonoperating Revenues (Expenses)				
Interest Income	1,088	16	-	1,104
Interest Expense and Bank Charges	(28,974)	(3,268)	(6,900)	(39,142)
Total Nonoperating Revenues (Expenses)	<u>(27,886)</u>	<u>(3,252)</u>	<u>(6,900)</u>	<u>(38,038)</u>
Net Income (Loss)	<u>\$ (153,593)</u>	<u>\$ 24,707</u>	<u>\$ (6,900)</u>	<u>\$ (135,786)</u>

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

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Changes in Net Position
For the Year Ended December 31, 2020

	Operating Fund	Store Fund	Development Fund	Total
Balances, Beginning of Year	455,402	37,511	50,013	542,926
Increase (Decrease) In Net Position	(153,593)	24,707	(6,900)	(135,786)
Balances, End of Year	<u>\$ 301,809</u>	<u>\$ 62,218</u>	<u>\$ 43,113</u>	<u>\$ 407,140</u>

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

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Cash Flows
For the Year Ended December 31, 2020

	Operating Fund	Store Fund	Development Fund	Total
Cash Flows from Operating Activities				
Charges for Services	\$ 1,990,247	\$ -	\$ -	\$ 1,990,247
Other Receipts	125,093	289,189	-	414,282
Payments to Employees	(818,066)	-	-	(818,066)
Payments to Suppliers	(862,638)	(252,817)	(3,798)	(1,119,253)
Net Cash Provided (Used) by Operating Activities	<u>434,636</u>	<u>36,372</u>	<u>(3,798)</u>	<u>467,210</u>
Cash Flows from Noncapital Financing Activities				
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of Capital Assets	(86,603)	(4,823)	-	(91,426)
Principal Paid on Capital Debt	(66,040)	-	-	(66,040)
Interest Paid on Capital Debt and Bank Charges	(28,974)	(3,268)	(6,900)	(39,142)
Net Cash Provided (Used) by Financing Activities	<u>(181,617)</u>	<u>(8,091)</u>	<u>(6,900)</u>	<u>(196,608)</u>
Cash Flows from Investing Activities				
Interest and Dividends	1,088	16	-	1,104
Net Cash Provided (Used) by Investing Activities	<u>1,088</u>	<u>16</u>	<u>-</u>	<u>1,104</u>
Net Increase (Decrease) in Cash	254,107	28,297	(10,698)	271,706
Cash - Beginning of Year	<u>533,042</u>	<u>8,053</u>	<u>12,599</u>	<u>553,694</u>
Cash - End of Year	<u>\$ 787,149</u>	<u>\$ 36,350</u>	<u>\$ 1,901</u>	<u>\$ 825,400</u>
Displayed As:				
Cash and Cash Equivalents	\$ 645,616	\$ 36,350	\$ 1,901	\$ 683,867
Restricted Assets	141,533	-	-	141,533
	<u>\$ 787,149</u>	<u>\$ 36,350</u>	<u>\$ 1,901</u>	<u>\$ 825,400</u>

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

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Cash Flows (continued)
For the Year Ended December 31, 2020

	Operating Fund	Store Fund	Development Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (125,707)	\$ 27,959	\$ -	\$ (97,748)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	410,210	3,134	-	413,344
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	50,838	-	-	50,838
(Increase) Decrease in Prepaid Expenses	(19,781)	-	-	(19,781)
(Increase) Decrease in Inventory	-	7,323	-	7,323
(Increase) Decrease in Investment Property	-	-	(3,798)	(3,798)
(Increase) Decrease in Deferred Outflows	(46,154)	-	-	(46,154)
Increase (Decrease) in Accounts Payable	13,947	(2,044)	-	11,903
Increase (Decrease) in Accrued Liabilities	(66)	-	-	(66)
Increase (Decrease) in Accrued Benefits	5,201	-	-	5,201
Increase (Decrease) in Security Deposits	8,406	-	-	8,406
Increase (Decrease) in Net Pension Liability	209,808	-	-	209,808
Increase (Decrease) in Deferred Inflows	(72,066)	-	-	(72,066)
Net Cash Provided by Operating Activities	<u>\$ 434,636</u>	<u>\$ 36,372</u>	<u>\$ (3,798)</u>	<u>\$ 467,210</u>

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

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF ACCOUNTING POLICIES

A. Reporting Entity

The Housing Authority of the City of Caldwell, Idaho (the Housing Authority), was established to provide housing for farm laborers with low and moderate incomes. The Housing Authority was initially funded with low interest loans from Rural Economic and Community Development. The Housing Authority also receives rental assistance for qualifying tenants through SICHA, (Southern Idaho Cooperative Housing Authority). The Housing Authority is governed by a board of six commissioners.

In evaluating how to define the governmental reporting entity, the Housing Authority of the City of Caldwell, Idaho has considered all potential component units. The decision to include or exclude a potential component unit was made by applying the criteria defined in governmental reporting standards. The basic criteria for including a potential component unit is oversight responsibility, which was determined on the component unit's financial interdependency and the Housing Authority's ability to significantly influence operations, select the governing authority, designate management, and participate in fiscal management. The other criteria in evaluating potential component units are the scope of public service and the existence of special financial relationships. Based upon the application of these criteria, the Housing Authority has no component units.

The Housing Authority established a development fund subsidiary organization, Caldwell Housing Corporation, for the specific purpose of acquiring by gift, grant, bequest, loan, or otherwise real property or funding necessary to carry out the planning, re-planning, development and construction of low-income housing in the City of Caldwell.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Proprietary fund operating revenues and expenses are related to the housing services that are provided to the residents of the Housing Authority of the City of Caldwell, Idaho. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Housing Authority has the following major enterprise funds:

- *Operating fund.* This fund accounts for the activities of the Housing Authority's housing services.
- *Store fund.* This fund accounts for the activities of the Housing Authority's store.
- *Special Purpose Fund.* This fund accounts for money set aside for special projects. Presently it has the funds for the development fund subsidiary.

Basis of Accounting

The Housing Authority's financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

C. Assets and Liabilities

Cash Equivalents

For presentation on the financial statements, investments in the external investment pool and investments with an original maturity of six months or less at the time they are purchased by the Housing Authority are considered to be cash equivalents. Investments with an initial maturity of more than six months are reported as investments.

Inventories

Inventory is stated at cost and is expensed when used on a first-in-first-out (FIFO) basis.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the proprietary funds are shown below:

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$1,000	Straight-Line	5 – 40 Years
Equipment	\$ 100	Straight-Line	3 – 15 Years
Land Improvements	\$1,000	Straight-Line	10 – 20 Years

The Housing Authority has no infrastructure.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Compensated Absences

The Housing Authority uses the vesting method to compute compensated absences for sick leave.

Allowance for Doubtful Accounts

Accounts are written off when found to be uncollectible by the Housing Authority. Receivables are determined to be past due by the Housing Authority's management. See footnote No. 9.

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.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Other Items

Rental Income and Assistance Payments

The Housing Authority leases its rental units to low and moderate income families in the Caldwell, Idaho area.

Income Taxes

Under Section 115 of the 1986 Internal Revenue Code, income derived from any essential governmental function of a state or territory, or any political subdivision thereof, is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

2. CASH AND INVESTMENTS

Deposits

As of December 31, 2020, the carrying amounts of the Housing Authority's deposits were \$825,199 and the respective bank balances totaled \$824,429. Of the bank balances, \$74,429 was not insured or collateralized with pooled securities held by the pledging institution in the name of the Housing Authority.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of December 31, 2020, \$74,429 of the balance of the Housing Authority's deposits were not covered by federal depository insurance or by collateral held by the Housing Authority's agent or pledging financial institution's trust department or agent in the name of the Housing Authority, and thus were exposed to custodial credit risk. The Housing Authority does not have a formal policy limiting its exposure to custodial credit risk. The Housing Authority also keeps \$200 petty cash on hand.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Investments

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

Interest Rate Risk

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

Investments

The Housing Authority follows Idaho Statute that outlines qualifying investment options as follows:

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

The Housing Authority had no investments at December 31, 2020.

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

Cash and cash equivalents	<u>\$ 825,399</u>
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3. COMPENSATED ABSENCES

Full-time employees that have worked for the Housing Authority for at least six months earn eight hours per month, after five years of service employees earn ten hours per month, and after ten years of service employees earn twelve hours per month. A maximum of 160 hours can carryover. Compensated absences for the year ended December 31, 2020, was as follows:

Beginning	Earned	Used	Ending	Current Portion
\$ 24,325	\$ 24,107	\$ (17,044)	\$ 31,388	\$ 3,139

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

4. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial coverage for the past three years.

5. CONTINGENT LIABILITIES

The Housing Authority participates in federally assisted grant and loan programs. These programs are subjected to testing of compliance with laws and regulations by the Housing Authority's independent auditor under the provisions of the Single Audit Act.

The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although the Housing Authority does not expect such amounts, if any, to be material.

6. RESTRICTED NET POSITION

Restricted net position consist of the refundable security deposits of \$141,532, less the corresponding security deposit liability of \$99,352 for total restricted nets assets of \$42,180.

7. LONG-TERM OBLIGATIONS

Notes payable have been issued to provide funds for housing projects. In December 2019 Caldwell Housing Authority paid off in full all 4 Rural Development loans by obtaining two new loans from Sunwest Bank. Payments are based on a twenty-year note. The notes is for ten years with a balloon payment of the balance due in December 2029. Interest rate is currently 5% for the first five years. At that time, it will adjust based on the Five Year Treasury Constant Maturity index plus 2.75%, with minimum rate set at 5%. Caldwell Housing Authority's intent is to refinance the note before the balloon payment is due.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

7. LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended December 31, 2020, are as follows:

Description	Rate	Maturity	12/31/2019	Increase	Decrease	12/31/2020	Portion
Sunwest	5%	2029	\$ 390,000	\$ -	\$ (11,573)	\$ 378,427	\$ 12,451
Sunwest	5%	2029	342,522	-	(10,164)	332,358	10,935
IHA	0%	2033	356,029	-	(477)	355,552	-
IHA	0%	2033	671,515	-	(867)	670,648	-
DEQ WW1305	1.25%	2043	1,348,172	-	(42,959)	1,305,213	43,789
			<u>\$ 3,108,238</u>	<u>\$ -</u>	<u>\$ (66,040)</u>	<u>\$ 3,042,198</u>	<u>\$ 67,175</u>

Debt service requirements on long-term debt at December 31, 2020, are as follows:

Year Ending December 31,	Notes Payable		
	Principal	Interest	Total
2020	\$ 67,176	\$ 51,172	\$ 118,348
2021	68,922	49,426	118,348
2022	70,735	47,613	118,348
2023	72,620	45,727	118,347
2024	74,580	43,768	118,348
2025-2029	820,209	164,844	985,053
2030-2034	1,281,850	45,590	1,327,440
2035-2039	270,655	29,241	299,896
2040-2044	288,055	11,841	299,896
2045-2046	27,396	185	27,581
	<u>\$ 3,042,198</u>	<u>\$ 489,407</u>	<u>\$ 3,531,605</u>

Interest expense for the fiscal year ended December 31, 2020, was \$27,398.

No interest was capitalized for the year ended December 31, 2020.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

8. PENSION

Plan Description

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

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

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 classifications. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

8. PENSION PLAN (continued)

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.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020, it was 7.16% for general employees and 8.81% 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. Housing Authority of the City of Caldwell, Idaho's contributions were \$69,781 the year ended December 31, 2020.

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

At December 31, 2020, Housing Authority of the City of Caldwell, Idaho reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Housing Authority of the City of Caldwell, Idaho's proportion of the net pension liability was based on Housing Authority of the City of Caldwell, Idaho'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, 2020, Housing Authority of the City of Caldwell, Idaho's proportion was 0.01623390 percent.

For the year ended December 31, 2020, Housing Authority of the City of Caldwell, Idaho recognized pension expense/(revenue) of \$161,368. At December 31, 2020, Housing Authority of the City of Caldwell, Idaho reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

8. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,870	\$ 12,901
Changes in assumptions or other inputs	6,682	-
Net difference between projected and actual earnings on pension plan investments	45,288	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions.	12,530	
Housing Authority of the City of Caldwell, Idaho's contributions subsequent to the measurement date	33,170	-
Total	\$ 128,540	\$ 12,901

\$33,170 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 December 31, 2020.

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, 2019, the beginning of the measurement period ended June 30, 2019, is 4.8 and 4.8 for the measurement period June 30, 2020.

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

For the Year Ended December 31:	PERSI
2021	\$ 41,041
2022	22,580
2023	22,590
2024	29,428

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

8. PENSION PLAN (continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2017 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 investment expense
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

1. Set back 3 years for teachers
2. No offset for male fire and police
3. Forward one year for female fire and police
4. Set back one year for all general employees and all beneficiaries

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 of July 1, 2020.

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.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

8. PENSION 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 2020.

<u>Asset Class</u>		<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	Barclays Aggregate	30.00%	2.80%	0.55%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.55%	6.30%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.70%	6.45%
Assumed Inflation - Mean			2.25%	2.25%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.85%	4.60%
Portfolio Standard Deviation			12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return			6.25%	3.89%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.85%	3.49%

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

8. PENSION PLAN (continued)

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.

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 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 (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ 810,269	\$ 395,113	\$ 51,847

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.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

9. ACCOUNTS RECEIVABLE

The accounts receivable is made up of tenant receivables. The amount to be collected as of December 31, 2020 is as follows:

Tennant Accounts Receivable	\$ 28,364
Less Allowance for Doubtful Accounts	(1,999)
Accounts Receivable Net	<u>\$ 26,365</u>

10. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	Disposals	Balance 12/31/2020
Capital Assets Not Being Depreciated:				
Land	\$ 240,000	\$ -	\$ -	\$ 240,000
Capital Assets Being Depreciated:				
Buildings and Furnishings	11,565,836	-	-	11,565,836
Equipment	330,018	91,426	-	421,444
Waste Water Project	1,478,120	-	-	1,478,120
Improvements	296,055	-	-	296,055
Total Historical Cost	<u>13,670,029</u>	<u>91,426</u>	<u>-</u>	<u>13,761,455</u>
Less: Accumulated Depreciation				
Buildings and Furnishings	9,829,305	315,528	-	10,144,833
Equipment	225,586	38,692	-	264,278
Waste Water Project	236,499	59,124	-	295,623
Improvements	296,055	-	-	296,055
Total Accumulated Depreciation	<u>10,587,445</u>	<u>413,344</u>	<u>-</u>	<u>11,000,789</u>
Net Depreciable Assets	<u>3,082,584</u>	<u>(321,918)</u>	<u>-</u>	<u>2,760,666</u>
Capital Assets - Net	<u>\$ 3,322,584</u>	<u>\$ (321,918)</u>	<u>\$ -</u>	<u>\$ 3,000,666</u>

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2020

12. LEASES

The Housing Authority has two copier leases. It is anticipated that the copiers will be returned at the end of their leases.

Future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	7,751
2022	4,608
2023	4,608
2024	2,304
	<u>\$ 19,271</u>

Lease expense for the fiscal year ended December 31, 2020, was \$9,996.

13. OTHER COMMITMENTS

The District has credit cards available for use with a total credit limit of \$44,600. Of the available credit, \$8,450 was in use as of December 31, 2020.

REQUIRED SUPPLEMENTAL INFORMATION

**Housing Authority
of the City of Caldwell, Idaho**
Schedules of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of Housing Authority Contributions

Year	Housing Authority's proportion of the net pension liability	Housing Authority's proportionate share of the net pension liability	Housing Authority's covered-employee payroll	Housing Authority's proportionate 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
2020	0.0170015%	\$ 395,113	\$ 584,432	67.61%	88.22%
2019	0.0162339%	\$ 185,305	\$ 581,016	31.89%	93.79%
2018	0.0165898%	\$ 244,702	\$ 543,452	45.03%	87.26%
2017	0.0170476%	\$ 267,959	\$ 523,884	51.15%	87.26%
2016	0.0150990%	\$ 306,080	\$ 472,310	64.80%	82.26%
2015	0.0151367%	\$ 199,326	\$ 445,444	44.75%	91.38%

Data reported is measured as of June 30, 2020

Schedule of Housing Authority's Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	Housing Authority's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 69,781	\$ 69,781	-	\$ 584,432	11.94%
2019	\$ 67,491	\$ 67,491	-	\$ 581,016	11.62%
2018	\$ 61,519	\$ 61,519	-	\$ 543,452	11.32%
2017	\$ 59,304	\$ 59,304	-	\$ 523,884	11.32%
2016	\$ 53,466	\$ 53,466	-	\$ 472,310	11.32%
2015	\$ 50,424	\$ 50,424	-	\$ 445,444	11.32%

Data reported is measured as of December 31, 2020

* 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 Housing Authority of the City of Caldwell, Idaho will present information for those years for which information is available.

FEDERAL REPORTS



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Commissioners of the
Housing Authority of the
City of Caldwell, Idaho
Caldwell, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each fund of the Housing Authority of the City of Caldwell, Idaho as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated October 7, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2020-001 and 2020-002 that we consider to be material weaknesses.

**Housing Authority
of the City of Caldwell, Idaho**
Management's Response to Findings
For the Year Ended December 31, 2020

Compliance and Other Matters

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

Housing Authority of the City of Caldwell, Idaho Response to Findings

Housing Authority of the City of Caldwell, Idaho's response to the findings identified in our audit are described in the accompanying schedule of findings. The Cities response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
October 7, 2021

**Housing Authority
of the City of Caldwell**
Schedule of Findings
For the Year Ended December 31, 2020

2020-001: Cash and Other Reconciliations

Conditions: During the course of our audit, we identified that the Housing Authority was not performing adequate reconciliations procedures for cash and other balances.

Criteria: The Housing Authority should design and implement standardized policies and procedures to ensure timely and accurate reconciliation of the cash and other balances.

Cause: The Housing Authority did not have or follow standardized reconciliation policies and procedures for the cash and other accounts.

Effect: Multiple accounts were materially misstated as a direct result of the lack of reconciliation procedures.

Recommendation: The Housing Authority should implement internal controls regarding standardized reconciliation procedures, to ensure the cash and other balances are regularly reconciled to supporting documents. The standardized procedures should indicate all accounts that are to be reconciled, as well as the frequency of the reconciliations to be performed. Such procedures will ensure errors do not accumulate, but can be identified and attributed to a particular period, which will make it easier to perform future reconciliations.

**Housing Authority
of the City of Caldwell**
Schedule of Findings (continued)
For the Year Ended December 31, 2020

2020-002: Material Audit Adjustments

Conditions: During the audit, we proposed multiple material adjustments to properly state assets, liabilities, revenues, and expenses for various funds. Our proposed adjustments were identified as a result of our audit procedures.

Criteria: The Housing Authority should design and implement internal controls to prevent and detect material misstatements to fund trial balances in a timely manner.

Cause: The internal controls currently in place were not sufficient to identify material misstatements in various funds.

Effect: Several of the accounts in the trial balance we received were materially misstated.

Recommendation: The Housing Authority should implement internal controls, which should include standard accounting and operating procedures, to ensure all balances in all funds are properly stated at year-end.

**Housing Authority
of the City of Caldwell, Idaho**
Management's Response to Findings
For the Year Ended December 31, 2020

2020-001: Cash and Other Reconciliations

The new Finance Manager has put new controls in place to make sure that balances are being reconciled and monitored on a regular basis to prevent and detect any misstatements.

2020-002: Material Audit Adjustments

The Finance Manager has put monthly checks in place to monitor balances which will reduce adjustments needed going forward

If there are any questions on management's response to findings please contact the Housing Authority Treasurer at (208)-459-2232.