

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

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended December 31, 2021

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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

Opinions

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, 2021, 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.

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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Caldwell, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Housing Authority of the City of Caldwell, Idaho's 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; 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 Housing Authority of the City of Caldwell, Idaho's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Caldwell, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Caldwell, ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedule of the Housing Authority's proportionate share of the net pension liability and schedule of Housing Authority contributions on page 23 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 November 9, 2022, 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.

Zwysart John & Associates, CPAs PLLC

Nampa, Idaho
November 9, 2022

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Net Position
December 31, 2021

	General Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 755,073
Accounts Receivable, Net	40,239
Prepaid Items	49,709
Inventory	51,987
Total Current Assets	897,008
Noncurrent Assets:	
Restricted Assets:	
Deposit Funds	166,085
Land	240,000
Buildings and Improvements, Net	1,191,944
Equipment, Net	138,225
Waste Water Project, Net	1,123,371
Investments in Property	100,280
Net Pension Asset	9,895
Total Noncurrent Assets	2,969,800
Total Assets	3,866,808
Deferred Outflows	
Pension Related Items	172,940
Total Deferred Outflows	172,940
Liabilities	
Current Liabilities:	
Accounts Payable	28,932
Accrued Interest	4,335
Accrued Benefits - Current Portion	27,292
Accrued Liabilities	64,175
Security Deposits	110,980
Prepaid Rent	46,045
Notes Payable - Current Portion	68,373
Total Current Liabilities	350,132
Noncurrent Liabilities:	
Accrued Benefits - Long Term Portion	25,577
Notes Payable - Long Term Portion	2,899,954
Total Noncurrent Liabilities	2,925,531
Total Liabilities	3,275,663
Deferred Inflows	
Pension Related Items	402,281
Total Deferred Inflows	402,281
Net Position	
Invested in Capital Assets, Net of Related Debt	(174,507)
Unrestricted	481,206
Restricted	55,105
Total Net Position	\$ 361,804

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, 2021

	General Fund
Operating Revenues	
Tenant Rent and Subsidy	\$ 2,098,148
Sales	348,169
Other Project Income	79,115
Total Operating Revenues	2,525,432
Operating Expenses	
Salaries	701,837
Payroll Taxes and Employee Benefits	327,235
Sales Tax Expense	18,268
Computer Consultant	95,596
Merchant Fees	4,222
Grounds Maintenance	52,760
Insurance - Other	86,401
Legal and Accounting	101,952
Other Management Expenses	104,587
Repair and Maintenance	315,698
Utilities and Telephone	214,361
Miscellaneous	315,919
Depreciation and Amortization	339,674
Total Operating Expenses	2,678,510
Operating Income (Loss)	(153,078)
Nonoperating Revenues (Expenses)	
Interest Income	976
Forgiveness of Debt	129,912
Interest Expense and Bank Charges	(23,145)
Total Nonoperating Revenues (Expenses)	107,743
Net Income (Loss)	\$ (45,335)

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, 2021

	<u>General Fund</u>
Balances, Beginning of Year	\$ 407,139
Increase (Decrease) In Net Position	<u>(45,335)</u>
Balances, End of Year	<u><u>\$ 361,804</u></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, 2021

	General Fund
Cash Flows from Operating Activities	
Charges for Services	\$ 2,121,998
Other Receipts	367,433
Payments to Employees	(1,085,887)
Payments to Suppliers	(1,309,108)
Net Cash Provided (Used) by Operating Activities	94,436
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(32,548)
Principal Paid on Capital Debt	(73,871)
Principle Paid on Issuance of Debt	129,912
Interest Paid on Capital Debt and Bank Charges	(23,145)
Net Cash Provided (Used) by Financing Activities	348
Cash Flows from Investing Activities	
Interest and Dividends	976
Net Cash Provided (Used) by Investing Activities	976
Net Increase (Decrease) in Cash	95,760
Cash - Beginning of Year	825,398
Cash - End of Year	\$ 921,158
Displayed As:	
Cash and Cash Equivalents	\$ 755,073
Restricted Assets	166,085
	\$ 921,158
Noncash Transactions	
Forgiveness of PPP Loan	\$ 129,912

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, 2021

	Operating Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (153,078)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	339,674
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(13,874)
(Increase) Decrease in Prepaid Expenses	(28,564)
(Increase) Decrease in Inventory	(36,048)
(Increase) Decrease in Investment Property	(59,851)
(Increase) Decrease in Deferred Outflows	(44,400)
Increase (Decrease) in Accounts Payable	3,681
Increase (Decrease) in Accrued Liabilities	43,319
Increase (Decrease) in Unearned Rent	26,096
Increase (Decrease) in Accrued Benefits	21,481
Increase (Decrease) in Security Deposits	11,628
Increase (Decrease) in Net Pension Liability	(405,008)
Increase (Decrease) in Deferred Inflows	389,380
Net Cash Provided by Operating Activities	\$ 94,436

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, 2021

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, 2021

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.

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, 2021

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, 2021

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, 2021, the carrying amounts of the Housing Authority's deposits were \$920,958 and the respective bank balances totaled \$979,395 . Of the bank balances, \$229,395 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, 2021, \$229,395 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, 2021

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, 2021.

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

Cash and cash equivalents \$921,158

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, 2021, was as follows:

<u>Beginning</u>	<u>Earned</u>	<u>Used</u>	<u>Ending</u>	<u>Current Portion</u>
<u>\$ 31,388</u>	<u>\$ 29,473</u>	<u>\$(32,442)</u>	<u>\$ 28,419</u>	<u>\$ 2,842</u>

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2021

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 \$166,085, less the corresponding security deposit liability of \$110,980 for total restricted nets assets of \$55,105.

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, 2021

7. LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations for the year ended December 31, 2021, are as follows:

Description	Rate	Maturity	12/31/2020	Increase	Decrease	12/31/2021	Current Portion
Sunwest	5%	2029	\$ 378,427	\$ -	\$ (12,171)	\$ 366,256	\$ 11,495
Sunwest	5%	2029	332,358	-	(10,690)	321,668	13,088
IHA	0%	2033	355,552	-	(3,031)	352,521	-
IHA	0%	2033	670,648	-	(5,507)	665,141	-
DEQ WW1305	1.25%	2043	1,305,213	-	(42,472)	1,262,741	43,790
PPP Loan		2022	-	129,912	(129,912)	-	-
			<u>\$ 3,042,198</u>	<u>\$ 129,912</u>	<u>\$ (203,783)</u>	<u>\$ 2,968,327</u>	<u>\$ 68,373</u>

Debt service requirements on long-term debt at December 31, 2021, are as follows:

Year Ending December 31,	Notes Payable		
	Principal	Interest	Total
2022	\$ 68,373	\$ 49,975	\$ 118,348
2023	70,735	47,612	118,347
2024	72,620	45,727	118,347
2025	74,580	43,768	118,348
2026	76,618	41,730	118,348
2027-2031	793,193	133,492	926,685
2032-2037	1,275,157	42,401	1,317,558
2038-2041	274,049	25,847	299,896
2042-2046	263,002	8,231	271,233
	<u>\$ 2,968,327</u>	<u>\$ 438,783</u>	<u>\$ 3,407,110</u>

Interest expense for the fiscal year ended December 31, 2021, was \$23,145.

No interest was capitalized for the year ended December 31, 2021.

The Authority received a PPP Loan for \$129,912 during the year. The full amount of the loan was forgiven and recorded as income in the year ended December 31, 2021.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2021

8. PENSION

Plan Description

The 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, 2021

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 74% for police and firefighters. As of June 30, 2021, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. Housing Authority of the City of Caldwell, Idaho's contributions were \$63,381 the year ended December 31, 2021.

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

At December 31, 2021, 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 0.01252848 percent.

For the year ended December 31, 2021, Housing Authority of the City of Caldwell, Idaho recognized pension expense/(revenue) of \$3,353. At December 31, 2021, 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, 2021

8. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,579	\$ 5,751
Changes in assumptions or other inputs	113,579	-
Net difference between projected and actual earnings on pension plan investments	-	310,786
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions.	5,935	85,744
Housing Authority of the City of Caldwell, Idaho's contributions subsequent to the measurement date	38,847	-
Total	\$ 172,940	\$ 402,281

\$38,847 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, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020, the beginning of the measurement period ended June 30, 2020, is 4.7 and 4.6 for the measurement period June 30, 2021.

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
2022	\$ (18,171)
2023	(58,575)
2024	(53,539)
2025	(87,873)
2026	(11,183)

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2021

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

Inflation	2.3%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expense
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 21%
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 – Male 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, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2021

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 2021.

<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%	1.80%	-0.20%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.00%	6.00%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.25%	6.25%
Assumed Inflation - Mean			2.00%	2.00%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.18%	4.18%
Portfolio Standard Deviation			12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return			5.55%	3.46%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.15%	3.06%

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2021

8. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. 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 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)	\$ 343,962	\$ (9,895)	\$ (299,958)

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, 2021

9. ACCOUNTS RECEIVABLE

The accounts receivable is made up of tenant receivables. The amount to be collected as of December 31, 2021 is as follows:

Tenant Accounts Receivable	\$ 43,362
Less Allowance for Doubtful Accounts	(3,123)
Accounts Receivable Net	<u>\$ 40,239</u>

10. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Additions	Disposals	Balance 12/31/2021
Capital Assets Not Being Depreciated:				
Land	\$ 240,000	\$ -	\$ -	\$ 240,000
Capital Assets Being Depreciated:				
Buildings and Furnishings	11,565,836	-	-	11,565,836
Equipment	421,444	32,548	-	453,992
Waste Water Project	1,478,120	-	-	1,478,120
Improvements	296,055	-	-	296,055
Total Historical Cost	<u>13,761,455</u>	<u>32,548</u>	<u>-</u>	<u>13,794,003</u>
Less: Accumulated Depreciation				
Buildings and Furnishings	10,144,833	229,059	-	10,373,892
Equipment	264,277	51,489	-	315,766
Waste Water Project	295,623	59,126	-	354,749
Improvements	296,055	-	-	296,055
Total Accumulated Depreciation	<u>11,000,788</u>	<u>339,674</u>	<u>-</u>	<u>11,340,462</u>
Net Depreciable Assets	<u>2,760,667</u>	<u>(307,126)</u>	<u>-</u>	<u>2,453,541</u>
Capital Assets - Net	<u>\$ 3,000,667</u>	<u>\$ (307,126)</u>	<u>\$ -</u>	<u>\$ 2,693,541</u>

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2021

12. OTHER COMMITMENTS

The District has credit cards available for use with a total credit limit of \$44,600. Of the available credit, \$8,701 was in use as of December 31, 2021.

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*

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
2021	0.0125285%	\$ (9,895)	\$ 530,831	-1.86%	100.36%
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%	91.69%
2017	0.0170476%	\$ 267,959	\$ 523,884	51.15%	90.68%
2016	0.0150990%	\$ 306,080	\$ 472,310	64.80%	87.26%
2015	0.0151367%	\$ 199,326	\$ 445,444	44.75%	91.38%

Data reported is measured as of June 30, 2021

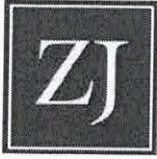
Schedule of Housing Authority's Contributions

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
2021	\$ 63,381	\$ 63,381	-	\$ 530,831	11.94%
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, 2021

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

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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

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, 2021, 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 November 9, 2022.

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 2021-001 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, 2021

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 Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
November 9, 2022

**Housing Authority
of the City of Caldwell**
Schedule of Findings
For the Year Ended December 31, 2021

2021-001: Cash and Other Reconciliations

Conditions: During the course of our audit, we identified that during the beginning of the year controls were not in place to make sure that cash and related accounts were being reconciled on a regular basis. The Housing Authority did hire an outside company during the year to correct this.

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 during the first part of the year. The Housing Authority made changes in the year to correct this by hiring an outside company to perform reconciliations.

Effect: This could have caused errors to go unnoticed. The Housing Authority has put changes in place to correct this. These changes took place part way through the year, but were not in place for the full year.

Recommendation: The Housing Authority has implemented changes during the year to correct these issues. The Housing Authority should make sure that going forward the reports provided by the outside accounting company are being reviewed to make sure that reports are accurate.

**Housing Authority
of the City of Caldwell, Idaho**
Management's Response to Findings
For the Year Ended December 31, 2021

2021-001: Cash and Other Reconciliations

The Housing Authority hired an outside accounting firm during the year to correct this issue. This issue was corrected during the year after the issue was identified in the prior year.

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