

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

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended December 31, 2022

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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, 2022, 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, 2022, 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 September 5, 2023, 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.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
September 5, 2023

**Housing Authority
of the City of Caldwell, Idaho**
Statement of Net Position
December 31, 2022

	General Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 823,684
Accounts Receivable, Net	79,848
Prepaid Items	48,844
Inventory	50,207
Total Current Assets	1,002,583
Noncurrent Assets:	
Restricted Assets:	
Deposit Funds	196,585
Land	240,000
Buildings and Improvements, Net	988,933
Equipment, Net	104,038
Waste Water Project, Net	1,064,246
Investments in Property	132,500
Total Noncurrent Assets	2,726,302
Other Assets	
Right of Use Assets, Net	115,425
Total Assets	3,844,310
Deferred Outflows	
Pension Related Items	497,494
Total Deferred Outflows	497,494
Liabilities	
Current Liabilities:	
Accounts Payable	63,944
Accrued Interest	4,335
Line of Credit	-
Accrued Wages	37,340
Compensated Absences - Current	3,824
Security Deposits	126,552
Prepaid Rent	86,693
Notes Payable - Current Portion	70,735
Operating Lease Payable - Current Portion	29,328
Total Current Liabilities	422,751
Noncurrent Liabilities:	
Compensated Absences - Long Term Portion	34,413
Notes Payable - Long Term Portion	2,828,107
Operating Lease Payable	86,097
Net Pension Liability	722,608
Total Noncurrent Liabilities	3,671,225
Total Liabilities	4,093,976
Deferred Inflows	
Pension Related Items	70,329
Total Deferred Inflows	70,329
Net Position	
Invested in Capital Assets, Net of Related Debt	(369,125)
Unrestricted	476,591
Restricted	70,033
Total Net Position	\$ 177,499

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, 2022

	General Fund
Operating Revenues	
Tenant Rent and Subsidy	\$ 2,384,636
Non-Dwelling Rent	217
Sales	435,444
Other Project Income	175,133
Total Operating Revenues	2,995,430
Operating Expenses	
Salaries	868,811
Payroll Taxes and Employee Benefits	398,837
Sales Tax Expense	25,041
Computer Consultant	80,371
Merchant Fees	5,742
Grounds Maintenance	46,101
Insurance - Other	78,631
Legal and Accounting	107,144
Other Management Expenses	186,689
Repair and Maintenance	384,578
Utilities and Telephone	142,143
Miscellaneous	520,323
Depreciation and Amortization	315,073
Total Operating Expenses	3,159,484
Operating Income (Loss)	(164,054)
Nonoperating Revenues (Expenses)	
Interest Income	2,145
Interest Expense and Bank Charges	(22,397)
Total Nonoperating Revenues (Expenses)	(20,252)
Net Income (Loss)	\$ (184,306)

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, 2022

	General Fund
Balances, Beginning of Year	\$ 361,805
Increase (Decrease) In Net Position	<u>(184,306)</u>
Balances, End of Year	<u>\$ 177,499</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, 2022

	General Fund
Cash Flows from Operating Activities	
Charges for Services	\$ 2,401,247
Other Receipts	578,574
Payments to Employees	(1,232,220)
Payments to Suppliers	(1,540,003)
Net Cash Provided (Used) by Operating Activities	207,598
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(18,747)
Principal Paid on Capital Debt	(69,485)
Interest Paid on Capital Debt and Bank Charges	(22,397)
Net Cash Provided (Used) by Financing Activities	(110,629)
Cash Flows from Investing Activities	
Interest and Dividends	2,145
Net Cash Provided (Used) by Investing Activities	2,145
Net Increase (Decrease) in Cash	99,114
Cash - Beginning of Year	921,155
Cash - End of Year	\$ 1,020,269
Displayed As:	
Cash and Cash Equivalents	\$ 823,684
Restricted Assets	196,585
	\$ 1,020,269
 Interest Paid	 \$ (22,397)

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, 2022

	Operating Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (164,054)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	315,073
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(39,609)
(Increase) Decrease in Prepaid Expenses	865
(Increase) Decrease in Inventory	1,780
(Increase) Decrease in Investment Property	(32,220)
(Increase) Decrease in Deferred Outflows	(324,554)
Increase (Decrease) in Accounts Payable	35,012
Increase (Decrease) in Compensated Absences	(25,938)
Increase (Decrease) in Unearned Rent	40,648
Increase (Decrease) in Accrued Benefits	(15,529)
Increase (Decrease) in Security Deposits	15,572
Increase (Decrease) in Net Pension Liability	732,503
Increase (Decrease) in Deferred Inflows	(331,951)
Net Cash Provided by Operating Activities	\$ 207,598

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, 2022

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, 2022

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.

Leases

The Housing Authority lease contracts or equivalents that have a term exceeding one year and that meet the definition of another than short-term lease. The Housing Authority uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Housing Authorities incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

when incurred. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

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

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

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.

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.

New Accounting Principals

The Housing Authority adopted GASB 87, *Leases*, during the year. The new standard requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-to-use model that requires a lessee to recognize a Right-to-Use asset and lease liability on the balance sheet of all leases with a term longer than 12 months.

2. CASH AND INVESTMENTS

Deposits

As of December 31, 2022, the carrying amounts of the Housing Authority's deposits were \$1,020,069 and the respective bank balances totaled \$1,002,389 . Of the bank balances, \$252,389 was not insured or collateralized with pooled securities held by the pledging institution in the name of the Housing Authority.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

2. CASH AND INVESTMENTS (continued)

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, 2022, \$252,389 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.

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, 2022.

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

Cash and cash equivalents	<u>\$1,020,269</u>
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**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

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, 2022, was as follows:

<u>Beginning</u>	<u>Earned</u>	<u>Used</u>	<u>Ending</u>	<u>Current Portion</u>
<u>\$ 28,419</u>	<u>\$ 33,179</u>	<u>\$ (23,361)</u>	<u>\$ 38,237</u>	<u>\$ 3,824</u>

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 \$196,585, less the corresponding security deposit liability of \$126,552 for total restricted nets assets of \$70,033.

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.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

7. LONG-TERM OBLIGATIONS (continued)

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.

Changes in long-term obligations for the year ended December 31, 2022, are as follows:

Description	Rate	Maturity	12/31/2021	Increase	Decrease	12/31/2022	Current Portion
Sunwest	5%	2029	\$ 366,256	\$ -	\$(13,088)	\$ 353,168	\$13,757
Sunwest	5%	2029	321,668	-	(11,495)	310,173	12,083
IHA	0%	2033	352,521	-	-	352,521	-
IHA	0%	2033	665,141	-	-	665,141	-
DEQ WW1305	1.25%	2043	1,262,741	-	(44,903)	1,217,838	44,895
			<u>\$ 2,968,327</u>	<u>\$ -</u>	<u>\$(69,485)</u>	<u>\$ 2,898,842</u>	<u>\$70,735</u>

Debt service requirements on long-term debt at December 31, 2022, are as follows:

Year Ending December 31,	Notes Payable		
	Principal	Interest	Total
2023	\$ 70,735	\$ 40,021	\$ 110,756
2024	72,580	45,727	118,307
2025	74,579	43,768	118,347
2026	76,617	41,730	118,347
2027-2031	805,171	133,492	938,663
2032-2037	1,325,378	42,401	1,367,779
2038-2041	192,925	25,847	218,772
2042-2046	280,857	8,231	289,088
	<u>\$ 2,898,842</u>	<u>\$ 381,217</u>	<u>\$ 3,280,059</u>

Interest expense for the fiscal year ended December 31, 2022, was \$22,397 .

No interest was capitalized for the year ended December 31, 2022.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

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 public safety) 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, 2022

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 public safety. As of June 30, 2022, it was 7.16% for general employees and 9.13% for public safety. 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 public safety. Housing Authority of the City of Caldwell,

Idaho's contributions were \$92,841 for the year ended December 31, 2022.

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

At December 31, 2022, 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, 2022, 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, 2022, Housing Authority of the City of Caldwell, Idaho's proportion was 0.01834610 percent.

For the year ended December 31, 2022, Housing Authority of the City of Caldwell, Idaho recognized pension expense/(revenue) of \$174,616. At December 31, 2022, 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, 2022

8. PENSION PLAN (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,460	\$ 3,225
Changes in assumptions or other inputs	117,807	-
Net difference between projected and actual earnings on pension plan investments	166,263	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions.	82,878	67,104
Housing Authority of the City of Caldwell, Idaho's contributions subsequent to the measurement date	51,085	-
Total	\$ 497,493	\$ 70,329

\$51,085 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, 2022.

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

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	\$ 136,623
2023	92,914
2024	42,638
2025	144,178
2026	10,811

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

**Housing Authority
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Notes to Financial Statements
For the Year Ended December 31, 2022

8. PENSION PLAN (continued)

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, 2022 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, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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

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

**Housing Authority
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Notes to Financial Statements
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8. PENSION PLAN (continued)

allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2022.

<u>Asset Class</u>	
Fixed Income	30.0%
US/Global Equity	55.0%
International Equity	15.0%
Cash	0.0%
Total	100%

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)	\$ 1,275,332	\$ 722,608	\$ 270,217

**Housing Authority
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Notes to Financial Statements
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8. PENSION PLAN (continued)

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.

9. ACCOUNTS RECEIVABLE

The accounts receivable is made up of tenant receivables. The amount to be collected as of December 31, 2022 is as follows:

Tenant Accounts Receivable	\$ 83,276
Less Allowance for Doubtful Accounts	(3,428)
Accounts Receivable Net	<u>\$ 79,848</u>

**Housing Authority
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Notes to Financial Statements
For the Year Ended December 31, 2022

10. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Disposals	Balance 12/31/2022
Capital Assets Not Being Depreciated:				
Land	\$ 240,000	\$ -	\$ -	\$ 240,000
Capital Assets Being Depreciated:				
Buildings and Furnishings	11,565,836	-	-	11,565,836
Equipment	453,994	18,747	-	472,741
Waste Water Project	1,478,120	-	-	1,478,120
Improvements	296,055	-	-	296,055
Total Historical Cost	<u>13,794,005</u>	<u>18,747</u>	<u>-</u>	<u>13,812,752</u>
Less: Accumulated Depreciation				
Buildings and Furnishings	10,373,892	203,011	-	10,576,903
Equipment	315,766	52,937	-	368,703
Waste Water Project	354,749	59,125	-	413,874
Improvements	296,055	-	-	296,055
Total Accumulated Depreciation	<u>11,340,462</u>	<u>315,073</u>	<u>-</u>	<u>11,655,535</u>
Net Depreciable Assets	<u>2,453,543</u>	<u>(296,326)</u>	<u>-</u>	<u>2,157,217</u>
Capital Assets - Net	<u>\$2,693,543</u>	<u>\$(296,326)</u>	<u>\$ -</u>	<u>\$2,397,217</u>

11. OTHER COMMITMENTS

The District has credit cards available for use with a total credit limit of \$44,600. Of the available credit, \$10,913 was in use as of December 31, 2022.

12. LEASE COMMITMENTS

The Organization leased office printers at various locations on lease terms. The leases are reported on the balance sheet as right-of-use assets with a corresponding operating lease payable. The amortization of the right-to-use assets are reported as occupancy in the statement of functional expenses. As of December 31, 2022, the operating leases had a weighted-average remaining lease term of 3.94 years. The weighted-average incremental borrowing rate of the operating leases was 2.2%.

**Housing Authority
of the City of Caldwell, Idaho**
Notes to Financial Statements
For the Year Ended December 31, 2022

12. LEASE COMMITMENTS

The Right-to-Use Asset was reported on the balance sheet as follows:

Right-of-use Assets	\$ 156,559
Less: Accumulated Amortization	<u>(41,134)</u>
	<u>\$ 115,425</u>

Future minimum lease payments are due as follows:

Year Ending December 31,	Amount
2023	\$ 31,572
2024	31,572
2025	31,572
2026	18,240
2027	<u>7,600</u>
	120,556
Less: Imputed interest	<u>(5,131)</u>
Total Reported Lease Liability	<u>\$ 115,425</u>

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
2022	0.0183461%	\$ 722,608	\$ 777,562	92.93%	83.09%
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, 2022

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
2022	\$ 92,841	\$ 92,841	-	\$ 777,562	11.94%
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, 2022

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the 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, 2022, 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 September 5, 2023.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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