

**CITY OF CAREY, IDAHO**

**Financial Statements**

**Year Ended September 30, 2021**

**CITY OF CAREY, IDAHO**  
**Financial Statements**  
**For the year ended September 30, 2021**

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# WORKMAN & COMPANY

Office of  
Accounting

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## INDEPENDENT AUDITOR'S REPORT

November 23, 2021

To the City Council  
City of Carey, Idaho

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Carey, Idaho, as of September 30, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and public employee pension (PERSI) information on pages 24-25 be presented to supplement the basic financial statements. Management has omitted a 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. 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of the City of Carey, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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 *Government Auditing Standards* in considering the City of Carey, Idaho's internal control over financial reporting and compliance.

*Workman & Company*

WORKMAN AND COMPANY  
Certified Public Accountants  
Twin Falls, Idaho

**CITY OF CAREY, IDAHO**  
**Statement of Net Position**  
**at September 30, 2021**

	<u>Governmental</u> Activities	<u>Business-type</u> Activities	<u>Total</u> Primary Government	<u>Total</u> Reporting Entity
<b><u>ASSETS</u></b>				
Cash and Deposits	\$ 160,684	\$ 265,105	\$ 425,789	\$ 425,789
Accounts Receivable		19,375	19,375	19,375
Taxes Receivable	2,311		2,311	2,311
Due From Other Governments	29,045		29,045	29,045
Due From Other Funds	5,817		5,817	5,817
Parts Inventory		2,193	2,193	2,193
Total	<u>197,857</u>	<u>286,673</u>	<u>484,530</u>	<u>484,530</u>
Capital Assets:				
Land and Infrastructure	255,212	32,138	287,350	287,350
Buildings and Improvements	262,766	3,266,242	3,529,008	3,529,008
Work in Progress			0	0
Equipment and Vehicles	176,292	29,657	205,949	205,949
Total	<u>694,270</u>	<u>3,328,037</u>	<u>4,022,307</u>	<u>4,022,307</u>
Less: Accumulated Depreciation	<u>(174,795)</u>	<u>(1,722,050)</u>	<u>(1,896,845)</u>	<u>(1,896,845)</u>
Total Capital Assets	<u>519,475</u>	<u>1,605,987</u>	<u>2,125,462</u>	<u>2,125,462</u>
<b>Total Assets</b>	<b>\$ 717,332</b>	<b>\$ 1,892,660</b>	<b>\$ 2,609,992</b>	<b>\$ 2,609,992</b>
Deferred Outflows of Resources & Net Pension Assets:				
Net Pension Asset	1,642		1,642	1,642
Deferred Outflows from Pension Activity	<u>21,267</u>	<u>0</u>	<u>21,267</u>	<u>21,267</u>
<b><u>LIABILITIES</u></b>				
Accounts and Other Accrued Payables	\$ 5,608	\$	\$ 5,608	\$ 5,608
Due To Other Funds		5,817	5,817	5,817
Long-term Liabilities:				
Note Payable John Deere Financial	<u>21,605</u>	<u>10,802</u>	<u>32,407</u>	<u>32,407</u>
<b>Total Liabilities</b>	<b><u>27,213</u></b>	<b><u>16,619</u></b>	<b><u>43,832</u></b>	<b><u>43,832</u></b>
Deferred Inflows of Resources:				
Deferred Inflows from Pension Activity	<u>52,529</u>	<u>0</u>	<u>52,529</u>	<u>52,529</u>
<b><u>NET POSITION</u></b>				
Invested in Capital Assets				
Net of related debt	497,870	1,595,185	2,093,055	2,093,055
Restricted For:				
Other Purposes				
Unrestricted	<u>162,629</u>	<u>280,856</u>	<u>443,485</u>	<u>443,485</u>
<b>Total Net Position</b>	<b>\$ 660,499</b>	<b>\$ 1,876,041</b>	<b>\$ 2,536,540</b>	<b>\$ 2,536,540</b>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Statement of Activities**  
For the Year Ended September 30, 2021

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental:</b>						
General Government	\$ 149,589	\$ 4,434	\$ 69,368	\$ (75,787)		\$ (75,787)
Public Protection:						
Public Safety				0		0
Streets	19,967			(19,967)		(19,967)
Parks and Recreation	11,838	440		(11,398)		(11,398)
Airport	3,856	2,247	30,000	28,391		28,391
Unallocated Depreciation Expense	22,795			(22,795)		(22,795)
<b>Total Governmental Activities</b>	<b>208,045</b>	<b>7,121</b>	<b>99,368</b>	<b>(101,556)</b>		<b>(101,556)</b>
<b>Business Types:</b>						
Water and Wastewater	225,066	212,870			\$ (12,196)	(12,196)
<b>Total Business Type Activities</b>	<b>225,066</b>	<b>212,870</b>			<b>(12,196)</b>	<b>(12,196)</b>
<b>Total City of Carey, Idaho</b>	<b>\$ 433,111</b>	<b>\$ 219,991</b>	<b>\$ 99,368</b>	<b>(101,556)</b>	<b>(12,196)</b>	<b>(113,752)</b>

<b>General Revenues:</b>						
Property taxes				73,886		73,886
Planning & Zoning Fees				23,359		23,359
Franchises, licenses, permits				8,993		8,993
State of Idaho revenue sharing				63,621		63,621
State of Idaho liquor receipts				10,337		10,337
State highway user collections				38,963		38,963
Earnings on investments				156	512	668
Gain (Loss) on Pension Activities				5,850		5,850
Miscellaneous				938		938
<b>Total general revenues and transfers</b>				<b>226,103</b>	<b>512</b>	<b>226,615</b>
<b>Changes in net position</b>				<b>124,547</b>	<b>(11,684)</b>	<b>112,863</b>
<b>Net Position - Beginning</b>				<b>535,952</b>	<b>1,887,725</b>	<b>2,423,677</b>
<b>Net Position - Ending</b>				<b>\$ 660,499</b>	<b>\$ 1,876,041</b>	<b>\$ 2,536,540</b>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Balance Sheet**  
**Governmental Funds**  
**at September 30, 2021**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 160,684	\$ 160,684
Taxes Receivable	2,311	2,311
Due From Other Governments	29,045	29,045
Due From Other Funds	<u>5,817</u>	<u>5,817</u>
<b>Total Assets</b>	<b>\$ <u>197,857</u></b>	<b>\$ <u>197,857</u></b>
<b>LIABILITIES:</b>		
Accounts and Accrued Payables	\$ 5,608	\$ 5,608
Due To Other Governments	<u>0</u>	<u>0</u>
<b>Total Liabilities</b>	<b><u>5,608</u></b>	<b><u>5,608</u></b>
<b>FUND BALANCE:</b>		
Non-spendable	0	0
Restricted	0	0
Committed	901	901
Assigned	984	984
Unassigned	<u>190,364</u>	190,364
<b>Total Fund Balance</b>	<b><u>192,249</u></b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>197,857</u></b>	

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 694,270 and the accumulated depreciation is \$174,795.	519,475
Net pension liabilities and notes payable are not payable in the current period and therefore are not reported in the governmental funds.	<u>(51,225)</u>
<b>Net Position of Governmental Funds</b>	<b>\$ <u>660,499</u></b>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**for the year ended September 30, 2021**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUE:</b>		
Property taxes	\$ 73,886	\$ 73,886
Planning & Zoning fees	23,359	23,359
Franchise, licenses, permits	8,993	8,993
State of Idaho shared revenue	63,621	63,621
State of Idaho liquor receipts	10,337	10,337
State highway user collections	38,963	38,963
Fees, fines and charges for services	7,121	7,121
Grants and contributions	99,368	99,368
Earnings on investments	156	156
Miscellaneous	938	938
	<u>326,742</u>	<u>326,742</u>
<b>EXPENDITURES:</b>		
General Government	141,071	141,071
Public Safety	0	0
Streets	23,291	23,291
Parks and Recreation	15,162	15,162
Airport	3,856	3,856
Capital Expenditures	34,968	34,968
	<u>218,348</u>	<u>218,348</u>
<b>EXCESS REVENUE (EXPENDITURES)</b>	108,394	108,394
<b>OTHER FINANCING SOURCES (USES):</b>		
Due (to) from other funds	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCES</b>	108,394	108,394
<b>FUND BALANCE - BEGINNING</b>	<u>83,855</u>	<u>83,855</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 192,249</u>	<u>\$ 192,249</u>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**for the year ended September 30, 2021**

Net Change in Fund Balance - Total Governmental Funds (Page 6)	\$ 108,394
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Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.

This is the amount of current year depreciaton.	(22,795)
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This is the amount of new Governmental Fund assets.	26,450
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This is the amount of disposed of Governmental Fund assets.	0
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This is the amount of changes in net pension and debt liabilities	<u>12,498</u>
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Change in Net Position of Governmental Activities (Page 4)	\$ <u>124,547</u>
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The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Statement of Net Position**  
**Proprietary Funds**  
**at September 30, 2021**

	<b>Water Wastewater</b>	
	<u>Fund</u>	
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash deposits	\$ 265,105	
Accts receivable - customers (Net of Uncollectible)	19,375	
Parts Inventory	<u>2,193</u>	
Total Current Assets		\$ 286,673
<b>Capital Assets:</b>		
Plant and equipment	3,328,037	
Accumulated depreciation	<u>(1,722,050)</u>	
Net Plant and equipment		<u>1,605,987</u>
<b>Total Assets</b>		<b>\$ <u>1,892,660</u></b>
<b>Liabilities:</b>		
<b>Current Liabilities:</b>		
Accounts and Interest Payable	\$	
Due To Other Funds	5,817	
Current portion long-term debt	<u>3,324</u>	
Total current liabilities		\$ 9,141
<b>Noncurrent Liabilities:</b>		
Note Payable John Deere Financial		<u>7,478</u>
<b>Total Liabilities</b>		<b><u>16,619</u></b>
<b>Net Position:</b>		
Investment in capital assets net of related debt	1,595,185	
Restricted	0	
Unrestricted	<u>280,856</u>	
<b>Total Net Position</b>		<b>\$ <u>1,876,041</u></b>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Net Position**  
**Proprietary Funds**  
**for the year ended September 30, 2021**

	<u>Water, Wastewater Fund</u>	
<b>Operating Revenues:</b>		
Charges for services	\$ 205,796	
Reimbursements and Misc.	<u>7,074</u>	
Total Operating Revenue		\$ 212,870
<b>Operating Expenses:</b>		
Salaries and costs	55,490	
Administrative and supplies	96,317	
Depreciation	<u>73,259</u>	
Total Operating Expenses		<u>225,066</u>
<b>Operating Income (Loss)</b>		<b>(12,196)</b>
<b>Nonoperating Revenues (Expenses):</b>		
Interest Income	512	
Interest Expense	0	
Gain (Loss) on asset disposal	0	
Other	<u>0</u>	
Total Nonoperating		<u>512</u>
<b>Income (Loss) before transfers</b>		<b>(11,684)</b>
Transfers in		0
Transfers out		<u>0</u>
<b>Net Income (Loss)</b>		<b>(11,684)</b>
<b>Total Net Position - Beginning</b>		<b><u>1,887,725</u></b>
<b>Total Net Position - Ending</b>		<b><u>\$ 1,876,041</u></b>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the year ended September 30, 2021**

	<b>Water</b>	<b>Wastewater</b>
	<b>Fund</b>	
<b>Cash Flows From Operating Activities:</b>		
Receipts from customers	\$ 211,336	
Payments to suppliers	(96,092)	
Payments to employees	(55,490)	
Other receipts	0	
Net cash provided (used) by operations		\$ 59,754
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase and construction of capital assets	(6,236)	
Amounts Due to Other Funds	3,324	
Amount Paid on capital debt	(3,324)	
Net cash provided (used) by capital and related financing activities		(6,236)
<b>Cash Flows From Investing Activities:</b>		
Interest Income		512
<b>Net Increase (Decrease) in Cash and Cash Deposits</b>		<b>54,030</b>
<b>Balances - Beginning of the year</b>		<b>211,075</b>
<b>Balances - Ending of the year</b>		<b>\$ 265,105</b>
Displayed as:		
Pooled Cash and Cash Deposits		265,105
Restricted Assets		0
<b>Balances - Ending of the year</b>		<b>\$ 265,105</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	(11,684)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	73,259	
Changes in assets and liabilities:		
Receivables, net	1,531	
Parts Inventory	(225)	
Accounts and other payables	(3,127)	
<b>Net Cash Provided (Used) by Operating Activities</b>		<b>\$ 59,754</b>

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**At September 30, 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Carey, Idaho (City) is an incorporated city under the laws of the State of Idaho. The accounting policies of the City of Carey, Idaho conform to generally accepted accounting principles as applicable to governmental units. The financial statements of the City of Carey, Idaho have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities (enterprise funds) provided they do not conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

**(A) Basis of Presentation – Basis of Accounting**

**Basis of Presentation:**

For this reporting period, the City has conformed its financial statement model to *Governmental Auditing Standards Board (GASB) Statement No. 34*. This model presents the financial statements as follows:

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the City). These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental* and *proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**At September 30, 2021**

-Continued

The City reports the following *governmental funds*:

*General Fund.* This is the City's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following *enterprise funds*:

In October of 2006, the City acquired the assets and liabilities of the Carey Water and Sewer District. This entity now constitutes an *enterprise fund* of the City.

**Measurement Focus, Basis of Accounting**

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

*Budgets and Budgetary Accounting.* The City adheres to City budget requirements in Title 50, Chapter 10 of the Idaho Code. The provisions of this chapter include the following procedures to establish budgetary data which is reflected in these financial statements:

- A. Prior to certifying the tax levy to the County Commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the Council.
- B. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. Uncommitted appropriations lapse at year end.
- C. There are no provisions in Title 50, Chapter 10 for budget augmentations.

CITY OF CARY, IDAHO  
Notes to the Financial Statements  
At September 30, 2021

-continued

*Entity Classifications.*

- A. City-Wide Financial Statements – The City reports net assets in three categories – invested in capital assets, restricted and unrestricted.
- B. Fund Financial Statements – The City has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments' highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by governing body, or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

**(B) Assets, Liabilities, and Equity**

**Cash and Cash Deposits**

The cash balances of substantially all funds are pooled and invested by the State of Idaho Treasurer's Office for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at September 30th of each year based on market prices. The individual funds' portions of the pool's fair value are presented as "Pooled Cash and Investments". Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the average daily balance of each participating fund.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**At September 30, 2021**

-Continued

**Receivables**

All utility and property tax receivables are shown net of any allowance for uncollectibles. The City has determined that all property taxes are collectable and therefore no allowance for uncollectibles has been established in the general fund. The allowance for uncollectible Water and Wastewater Fund accounts receivable has been determined to be \$ 1,468.

**Property Tax Calendar**

Property taxes are levied each November based on the assessed value of property as listed on the previous September tax rolls. Assessed values are an approximation of market value. The Blaine County Assessor establishes assessed values. Property tax payments are due in one-half installments in December and June. Property taxes become a lien on the property when it is levied.

**Capital Assets**

Purchased or constructed capital assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. They are reported net of accumulated depreciation on the Statement of Net Assets. The City capitalizes assets in excess of \$1,000.

Under the requirements of *GASB Statement No. 34*, the City is considered a Phase 3 government, as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. Accordingly, the City has determined not to retroactively report this type of capital asset.

Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	50
Buildings	50
Building Improvements	20
Vehicles	10
Office and Other Equipment	10

**Compensated Absences**

The liability for compensated absences is not recorded as the City's employees are part-time and no accrued leave is allowed.

**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.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**At September 30, 2021**

-Continued

**NOTE 2 – CASH AND DEPOSITS**

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial credit risk. At year end, \$ 27,807 of the City's bank account balances were exposed to custodial credit risk because they are not insured by the FDIC.

*Investments:* Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the City held the following investments:

**Investment Type**

Idaho State Local Government Investment Pool     \$ 144,760.

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the City voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the City's position in the external investment pool is the same as the value of the pool shares.

*Credit Risk:* The City's policy is to comply with Idaho State statutes which authorize the City to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

*Interest rate risk and concentration of credit risk:* The City has no policy regarding these two investment risk categories.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

Cash on hand and deposits in transit	\$ 3,222
Deposits with financial institutions:	
Demand deposits	277,807
State of Idaho Investment Pool	<u>144,760</u>
Total	<u>\$ 425,789</u>

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**At September 30, 2021**

-Continued

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the current year ended for general government funds were as follows:

	Beginning Balance	Addition s	Deletion s	Ending Balance
Land and Infrastructure	\$ 255,212	\$	\$	\$ 255,212
Buildings and Improvements	218,369	44,397		262,766
Work in Progress	17,947		17,947	0
Vehicles and Equipment	176,292			176,292
<b>Totals</b>	<b>667,820</b>	<b>44,397</b>	<b>17,947</b>	<b>694,270</b>
Accumulated Depreciation	(152,000)	(22,795)		(174,795)
<b>Net Book Value</b>	<b>\$ 515,820</b>	<b>\$ 21,602</b>	<b>\$ 17,947</b>	<b>\$ 519,475</b>

Capital asset activity for the current year ended for the enterprise funds were as follows:

	Beginning Balance	Addition s	Deletion s	Ending Balance
Land and Infrastructure	\$ 32,138	\$	\$	\$ 32,138
Water and Wastewater Systems	3,260,006	6,236		3,266,242
Vehicles and Equipment	29,657			29,657
<b>Totals</b>	<b>3,321,801</b>	<b>6,236</b>	<b>0</b>	<b>3,328,037</b>
Accumulated Depreciation	(1,648,791)	(73,259)		(1,722,050)
<b>Net Book Value</b>	<b>\$ 1,673,010</b>	<b>\$ (67,023)</b>	<b>\$ 0</b>	<b>\$ 1,605,987</b>

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**At September 30, 2021**

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**NOTE 4 – LONG TERM DEBT**

The City purchased, during the year 2020, a John Deere Tractor/Backhoe with various attachments. The asset is to be used in the street, park, and water/wastewater funds equally. The asset was purchased with an interest free loan from John Deere Financial, payable over 60 months at an amount of \$ 830.97 per month.

**NOTE 5 - PENSION PLAN**

*Plan Description*

The City of Carey 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](http://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 services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% 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.

*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. 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

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of employer rate for general employees. As of June 30, 2021, it was 7.16% for general employees. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.94% for general employees. The City's contributions were \$ 12,222 for the year ended September 30, 2021.

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

At September 30, 2021, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was 0.00207907 percent.

For the year ended September 30, 2021, the City recognized pension expense (revenue) of (\$1,642). At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,419	\$ 954
Changes in assumptions or other inputs	\$ 18,848	
Net difference between projected and actual earnings on pension plan investments		\$ 51,575
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ ( 3,056)	
City's contributions subsequent to the measurement date	\$ 3,056	
Total	\$ 21,267	\$ 52,529

\$ 3,056 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

-Continued

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

**Year ended September 30, 2021:**

2022	\$ ( 7,354)
2023	\$ ( 6,627)
2024	\$ ( 5,791)
2025	\$ (11,489)

*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	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
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%
- Disabled Members - Males Pub-2010 Disabled Tables, increased 38%
- Disabled Members - Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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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 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.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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**Capital Market Assumptions from Callan 2021**

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00%	1.80%	0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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*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%, 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%) or 1-percentage-point higher (7.35%) than the current rate:

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$( 1,626)	\$( 1,642)	\$( 1,658)

*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](http://www.persi.idaho.gov)

*Payables to the pension plan*

At September 30, 2021, the City reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**NOTE 6 - LITIGATION**

The City was involved in a legal action during the current period. At the date of these financial statements all actions have been resolved. It has been determined by the City Council and legal advisors that any and all liability to the City in this dispute was totally covered by the City's insurance carrier.

**NOTE 6 - RISK MANAGEMENT**

A City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the City contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance and the State Insurance Fund for workman's compensation. Under the terms of the ICRMP policy, the City of Carey's liability is limited to the amount of annual financial membership contributions, including a per occurrence deductible. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**CITY OF CAREY, IDAHO**  
**Notes to the Financial Statements**  
**September 30, 2021**

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**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF CAREY IDAHO**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the year ended September 30, 2021**

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
<b>REVENUES:</b>			
Property taxes	\$ 69,669	\$ 73,886	\$ 4,217
Planning & Zoning Fees	55,000	23,359	(31,641)
Franchises, licenses, permits	16,000	8,993	(7,007)
State of Idaho shared revenue	38,170	63,621	25,451
State of Idaho liquor receipts	7,080	10,337	3,257
State highway user collections	31,003	38,963	7,960
Fees, fines and charges for services	4,153	7,121	2,968
Grants and contributions	150,000	99,368	(50,632)
Earnings on investments	1,200	156	(1,044)
Miscellaneous	3,200	938	(2,262)
Total revenues	<u>375,475</u>	<u>326,742</u>	<u>(48,733)</u>
<b>EXPENDITURES:</b>			
General Government	289,497	141,071	148,426
Public Safety	0	0	0
Streets	60,438	23,291	37,147
Parks and Recreation	8,000	15,162	(7,162)
Capital outlay	63,540	34,968	28,572
Airport	6,000	3,856	2,144
Total expenditures	<u>427,475</u>	<u>218,348</u>	<u>209,127</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(52,000)</u>	<u>108,394</u>	<u>160,394</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET CHANGE IN FUND BALANCE</b>	(52,000)	108,394	\$ <u><u>160,394</u></u>
<b>FUND BALANCE - BEGINNING</b>	<u>83,855</u>	<u>83,855</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$ 31,855</u>	<u>\$ 192,249</u>	

The accompanying notes are a part of these financial statements.

**CITY OF CAREY, IDAHO**  
**PUBLIC EMPLOYEE PENSION INFORMATION**  
For the year ended September 30, 2021

Required Supplementary Information

**Schedule of Employer's Share of Net Pension Liability**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	0.0018038%	0.0010277%	City not	City not	City not
Employer's proportionate share of the net pension liability	\$ 20,590	\$ 15,127	in the	in the	in the
Employer's covered-employee payroll	\$ 69,461	\$ 40,912	plan	plan	plan
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	29.64%	36.97%			
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%			
				<u>2021</u>	<u>2020</u>
Employer's portion of the net pension liability				0.0020791%	0.0018560%
Employer's proportionate share of the net pension liability (Asset)				\$ (1,642)	43,099
Employer's covered-employee payroll				\$ 102,364	62,348
Employer's proportional share of the net pension liability (Asset) as a percentage of its covered-employee payroll				-1.60%	69.13%
Plan fiduciary net position as a percentage of the total pension liability				100.36%	88.22%

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

Data reported is measured as of June 30, 2021

**Schedule of Employer's Contributions**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 7,866	\$ 4,631	City not	City not	City not
Contributions in relation to the statutorily required contribution	\$ (7,866)	\$ (4,631)	in the	in the	in the
Contribution (deficiency) excess	\$ 0	\$ 0	plan	plan	plan
Employer's covered-employee payroll	\$ 69,461	\$ 40,912			
Contributions as a percentage of covered-employee payroll	11.32%	11.32%			
				<u>2021</u>	<u>2020</u>
Statutorily required contributions				\$ 12,222	\$ 7,891
Contributions in relation to the statutorily required contribution				\$ (12,222)	\$ (7,891)
Contribution (deficiency) excess				\$ 0	\$ 0
Employer's covered-employee payroll				\$ 102,364	\$ 62,348
Contributions as a percentage of covered-employee payroll				11.94%	12.66%