

CITY OF GARDEN CITY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Honorable Mayor
and City Council
City of Garden City Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Garden City, Idaho (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Garden City, 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.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 City'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 City's 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 the budgetary comparison information, schedules of required supplementary information for the pension on pages and 36 through 39 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America required to be presented to supplement that 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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of the City of Garden City, 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 Garden City, Idaho's internal control over financial reporting and compliance.

Zwyzart John and Associates, CPAs, PLLC

Nampa, Idaho
March 7, 2022

City of Garden City, Idaho

Statement of Net Position

September 30, 2021

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 5,884,079	\$ 3,449,814	\$ 9,333,893	\$ 745,754
Prepaid Expenses	16,606	3,800	20,406	-
Receivables, Net:				
Property Taxes	108,898	-	108,898	36,461
Accounts	53,756	910,280	964,036	75
Interest	879	-	879	34
Due from Other Governmental Units	476,645	32,040	508,685	-
Franchise Fees	117,361	-	117,361	-
Grants	6,357	-	6,357	-
Total Current Assets	6,664,581	4,395,934	11,060,515	782,324
Long-Term Assets				
Restricted Investment for Debt Service	-	160,344	160,344	-
Net Pension Asset	94,130	14,065	108,195	-
Capital Assets:				
Land and Nondepreciable Infrastructure	7,611,992	-	7,611,992	-
Buildings, Improvements, and Equipment, Net	3,714,041	18,742,761	22,456,802	-
Total Long-Term Assets	11,420,163	18,917,170	30,337,333	-
Total Assets	18,084,744	23,313,104	41,397,848	782,324
Deferred Outflows				
Pension-Related Items	1,366,634	204,211	1,570,845	-
Total Deferred Outflows	1,366,634	204,211	1,570,845	-
Liabilities				
Current Liabilities				
Accounts Payable	194,605	1,013,622	1,208,227	41,032
Accrued Payroll and Taxes	213,115	23,411	236,526	-
Compensated Absences	311,300	39,150	350,450	-
Customer Deposits	200	49,526	49,726	-
Interest Payable	2,363	-	2,363	-
Unearned Revenue	1,385,805	-	1,385,805	-
Current Portion of Bonds and Notes Payable	55,000	-	55,000	-
Total Current Liabilities	2,162,388	1,125,709	3,288,097	41,032
Long-Term Liabilities				
Bonds and Notes Payable	185,000	-	185,000	-
Total Long-Term Liabilities	185,000	-	185,000	-
Total Liabilities	2,347,388	1,125,709	3,473,097	41,032
Deferred Inflows				
Pension-Related Items	3,054,129	456,364	3,510,493	-
Total Deferred Inflows	3,054,129	456,364	3,510,493	-
Net Position				
Net Investment in Capital Assets	11,086,033	18,742,761	29,828,794	-
Restricted for:				
Development Services	610,136	-	610,136	741,292
Unrestricted Surplus	2,353,692	3,192,481	5,546,173	-
Total Net Position	\$ 14,049,861	\$ 21,935,242	\$ 35,985,103	\$ 741,292

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

City of Garden City, Idaho
Statement of Activities
For the Year Ended September 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Expenses							
Primary Government:							
Governmental Activities:							
General Government	\$ 3,428,301	\$ 1,758,176	\$ 684,568	\$ -	\$ (985,557)	\$ -	\$ (985,557)
Public Safety	4,532,897	171,232	122,613	-	(4,239,052)	-	(4,239,052)
Culture and Recreation	1,049,070	-	88,457	-	(960,613)	-	(960,613)
Interest on Long-Term Debt	14,178	-	-	-	(14,178)	-	(14,178)
Total Governmental Activities	9,024,446	1,929,408	895,638	-	(6,199,400)	-	(6,199,400)
Business-Type Activities:							
Water and Sewer	4,493,945	6,481,407	-	911,485	-	2,898,947	2,898,947
Sanitation	2,340,157	2,413,258	-	-	-	73,101	73,101
Total Business-Type Activities	6,834,102	8,894,665	-	911,485	-	2,972,048	2,972,048
Total Primary Government	\$ 15,858,548	\$ 10,824,073	\$ 895,638	\$ 911,485	(6,199,400)	2,972,048	(3,227,352)
Component Unit							
Urban Renewal	\$ 1,184,125	\$ -	\$ -	\$ -			\$ (1,184,125)

General Revenues:				
Property Taxes	3,144,870	-	3,144,870	1,193,101
Intergovernmental	1,584,915	-	1,584,915	-
Interest	20,994	-	20,994	964
Other	273,758	2,006	275,764	-
Transfers	1,354,000	(1,354,000)	-	-
Total General Revenues and Special Items	6,378,537	(1,351,994)	5,026,543	1,194,065
Change in Net Position	179,137	1,620,054	1,799,191	9,940
Net Position, Beginning of Year	13,870,724	20,290,294	34,161,018	731,352
Prior Period Adjustment	-	24,894	24,894	-
Net Position, Beginning of Year	13,870,724	20,315,188	34,185,912	731,352
Net Position, End of Year	\$ 14,049,861	\$ 21,935,242	\$ 35,985,103	\$ 741,292

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

City of Garden City, Idaho
Balance Sheet - Governmental Funds
September 30, 2021

	General	Development Services	Non-Major Library Debt Service	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 5,237,973	\$ 646,106	\$ -	\$ 5,884,079
Prepaid Items	6,737	9,869	-	16,606
Receivables, Net:				
Property Taxes	108,898	-	-	108,898
Accounts	12,055	41,701	-	53,756
Due from Other Governments	476,645	-	-	476,645
Franchise Fees	117,361	-	-	117,361
Grants	6,357	-	-	6,357
Interest	879	-	-	879
Total Assets	\$ 5,966,905	\$ 697,676	\$ -	\$ 6,664,581
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts Payable	\$ 118,623	\$ 75,982	\$ -	\$ 194,605
Accrued Payroll and Taxes	204,367	8,748	-	213,115
Compensated Absences Payable	69,006	2,810	-	71,816
Unearned Revenue	1,385,805	-	-	1,385,805
Deposits Payable	200	-	-	200
Total Liabilities	1,778,001	87,540	-	1,865,541
Deferred Inflows				
Unearned Property Tax Revenue	98,848	-	-	98,848
Total Deferred Inflows	98,848	-	-	98,848
Fund Balances				
Nonspendable	6,737	9,869	-	16,606
Restricted	-	600,267	-	600,267
Unassigned	4,083,319	-	-	4,083,319
Total Fund Balances	4,090,056	610,136	-	4,700,192
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,966,905	\$ 697,676	\$ -	\$ 6,664,581

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

City of Garden City, Idaho
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2021

Total Fund Balances - Governmental Funds \$ 4,700,192

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:

Land, Infrastructure, and Other Assets Not Depreciated	\$ 7,611,992	
Buildings, Improvements, and Equipment, Net of \$4,246,517 Accumulated Depreciation	3,714,041	
		11,326,033

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures, and, therefore, are unearned in the funds. 98,848

Long-term liabilities, applicable to the City's governmental activities, are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the Statement of Net Position.

Accrued Interest	\$ (2,363)	
Municipal Leases Payable	(240,000)	
Compensated Absences	(239,484)	
		(481,847)

The City participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Asset and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Asset	\$ 94,130	
Pension-Related Deferred Inflows	(3,054,129)	
Pension-Related Deferred Outflows	1,366,634	
		(1,593,365)

Net Position of Governmental Activities \$ 14,049,861

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

City of Garden City, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	General	Development Services	Non-Major Library Debt Service	Total Governmental Funds
Revenues				
Taxes	\$ 3,096,659	\$ -	\$ 69,178	\$ 3,165,837
Licenses and Permits	43,513	-	-	43,513
Charges for Services	18,851	1,132,915	-	1,151,766
Intergovernmental	1,584,915	-	-	1,584,915
Fines and Forfeitures	171,232	-	-	171,232
Grants	2,101,923	-	-	2,101,923
Franchise Fees	562,796	-	-	562,796
Interest	20,994	-	-	20,994
Rent	101	-	-	101
Miscellaneous	271,693	2,065	-	273,758
Total Revenues	<u>7,872,677</u>	<u>1,134,980</u>	<u>69,178</u>	<u>9,076,835</u>
Expenditures				
Current:				
General Government	2,489,152	858,022	-	3,347,174
Public Safety	4,899,047	-	-	4,899,047
Culture and Recreation	1,092,285	-	-	1,092,285
Capital Outlay	152,808	-	-	152,808
Debt Service:				
Principal	-	-	55,000	55,000
Interest	-	-	14,178	14,178
Total Expenditures	<u>8,633,292</u>	<u>858,022</u>	<u>69,178</u>	<u>9,560,492</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(760,615)</u>	<u>276,958</u>	<u>-</u>	<u>(483,657)</u>
Other Financing Resources (Uses)				
Transfers In	1,354,000	-	-	1,354,000
Total Other Financing Sources (Uses)	<u>1,354,000</u>	<u>-</u>	<u>-</u>	<u>1,354,000</u>
Net Change in Fund Balances	593,385	276,958	-	870,343
Fund Balances - Beginning	3,496,671	333,178	-	3,829,849
Fund Balances - Ending	<u>\$ 4,090,056</u>	<u>\$ 610,136</u>	<u>\$ -</u>	<u>\$ 4,700,192</u>

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

City of Garden City, Idaho

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

Total Net Change in Fund Balance - Governmental Funds \$ 870,343

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. Gains and losses on disposals are only reported in the Statement of Activities as well. In the current period these amounts are:

Capital Outlay	\$ 152,808	
Depreciation Expense	<u>(313,670)</u>	
Net		(160,862)

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as unearned tax revenues. They are, however, recorded as revenues in the Statement of Activities. (20,967)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,206,285)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.

Change in Accrued Interest on Long-term Debt	-
Repayment of Bond and Municipal Lease Principal	55,000

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences. (29,240)

The City participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Asset and the related deferred inflows and outflows on their Statement of Net Position. The changes in the Net Pension Asset and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. 671,148

Change in Net Position of Governmental Activities \$ 179,137

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

City of Garden City, Idaho
Statement of Net Position - Proprietary Funds
September 30, 2021

	Water and Sewer Fund	Sanitation Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 3,448,060	\$ 1,754	\$ 3,449,814
Prepaid Items	3,800	-	3,800
Customer Accounts Receivable, Net	683,433	226,847	910,280
Due from Other Governments	32,040	-	32,040
Total Current Assets	4,167,333	228,601	4,395,934
Long-Term Assets			
Restricted Cash	160,344	-	160,344
Net Pension Asset	14,065	-	14,065
Capital Assets			
Improvements on Building and Land, Net	1,898,528	-	1,898,528
Utility Plan and Improvements, Net	16,431,149	-	16,431,149
Machinery and Equipment, Net	413,084	-	413,084
Total Capital Assets	18,742,761	-	18,742,761
Total Long-Term Assets	18,917,170	-	18,917,170
Total Assets	23,084,503	228,601	23,313,104
Deferred Outflows			
Pension-Related Items	204,211	-	204,211
Total Deferred Outflows	204,211	-	204,211
Liabilities			
Current Liabilities			
Accounts Payable	812,200	201,422	1,013,622
Accrued Payroll and Taxes	23,411	-	23,411
Compensated Absences Payable	39,150	-	39,150
Customer Deposits	42,822	6,704	49,526
Total Liabilities	917,583	208,126	1,125,709
Deferred Inflows			
Pension-Related Items	456,364	-	456,364
Total Deferred Inflows	456,364	-	456,364
Net Position			
Net Investment in Capital Assets	18,742,761	-	18,742,761
Restricted for Debt Service	160,344	-	160,344
Unrestricted	3,011,662	20,475	3,032,137
Total Net Position	\$ 21,914,767	\$ 20,475	\$ 21,935,242

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

City of Garden City, Idaho

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended September 30, 2021

	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues			
Charges for Services	\$ 6,481,407	\$ 2,413,258	\$ 8,894,665
Miscellaneous Revenues	2,006	-	2,006
Total Operating Revenues	<u>6,483,413</u>	<u>2,413,258</u>	<u>8,896,671</u>
Operating Expenses			
Personnel Services	944,217	-	944,217
Contractual Services	2,350,013	2,329,533	4,679,546
Supplies	76,695	10,624	87,319
Repairs	265,892	-	265,892
Depreciation and Amortization	671,984	-	671,984
Telephone and Utilities	185,144	-	185,144
Total Operating Expenses	<u>4,493,945</u>	<u>2,340,157</u>	<u>6,834,102</u>
Operating Income	<u>1,989,468</u>	<u>73,101</u>	<u>2,062,569</u>
Transfers and Contributions			
Transfers Out	(1,194,000)	(160,000)	(1,354,000)
Contributions from Other Governmental Agencies	911,485	-	911,485
Net Transfers and Contributions	<u>(282,515)</u>	<u>(160,000)</u>	<u>(442,515)</u>
Change in Net Position	<u>1,706,953</u>	<u>(86,899)</u>	<u>1,620,054</u>
Net Position - Beginning - Previous Prior Period Adjustment	20,182,920	107,374	20,290,294
	24,894	-	24,894
Net Position - Beginning - Restated	<u>20,207,814</u>	<u>107,374</u>	<u>20,315,188</u>
Net Position - Ending	<u>\$ 21,914,767</u>	<u>\$ 20,475</u>	<u>\$ 21,935,242</u>

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

City of Garden City, Idaho
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2021

	Water and Sewer Fund	Sanitation Fund	Total
Cash Flows From Operating Activities			
Receipts from Customers	\$ 6,452,720	\$ 2,414,209	\$ 8,866,929
Payments to Suppliers for Goods or Services	(2,777,073)	(2,330,746)	(5,107,819)
Payments to Employees for Services	(1,040,834)	-	(1,040,834)
Net Cash Provided by Operating Activities	<u>2,634,813</u>	<u>83,463</u>	<u>2,718,276</u>
Cash Flows From Noncapital Financing Activities			
Transfers In (Out)	(1,194,000)	(160,000)	(1,354,000)
Net Cash Used in Noncapital Financing Activities	<u>(1,194,000)</u>	<u>(160,000)</u>	<u>(1,354,000)</u>
Cash Flows From Capital and Related Financing Activities			
Purchases and Construction of Capital Assets	(1,285,015)	-	(1,285,015)
Principal Paid on Capital Debt	(175,000)	-	(175,000)
Interest Paid on Capital Debt	(7,001)	-	(7,001)
Cash Contributions from Other Governmental Agencies	911,485	-	911,485
Net Cash Used in Capital and Related Financing Activities	<u>(555,531)</u>	<u>-</u>	<u>(555,531)</u>
Cash Flows From Investing Activities			
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	885,282	(76,537)	808,745
Cash and Cash Equivalents, Beginning	2,723,122	78,291	2,801,413
Cash and Cash Equivalents, Ending	<u>\$ 3,608,404</u>	<u>\$ 1,754</u>	<u>\$ 3,610,158</u>
Displayed As:			
Cash and Cash Equivalents	\$ 3,448,060	\$ 1,754	\$ 3,449,814
Restricted Cash	160,344	-	160,344
	<u>\$ 3,608,404</u>	<u>\$ 1,754</u>	<u>\$ 3,610,158</u>

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

City of Garden City, Idaho
Statement of Cash Flows - Proprietary Funds (continued)
For the Year Ended September 30, 2021

	Water and Sewer Fund	Sanitation Fund	Total
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating Income	\$ 1,989,468	\$ 73,101	\$ 2,062,569
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation	671,984	-	671,984
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(30,247)	394	(29,853)
(Increase) Decrease in Prepaid Expenses	(2,883)	-	(2,883)
(Increase) Decrease in Deferred Outflows	(96,293)	-	(96,293)
Increase (Decrease) in Accounts Payable	103,554	9,411	112,965
Increase (Decrease) in Accrued Payroll and Benefits	3,322	-	3,322
Increase (Decrease) in Compensated Absences	348	-	348
Increase (Decrease) in Customer Deposits	(446)	557	111
Increase (Decrease) in Net Pension Liability	(431,052)	-	(431,052)
Increase (Decrease) in Deferred Inflows	427,058	-	427,058
Net Cash Provided by Operating Activities	\$ 2,634,813	\$ 83,463	\$ 2,718,276

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

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Garden City (City) was incorporated May 9, 1967. The City operates under a mayor and council form of government and provides the following services as authorized by its charter: Public Safety (police), Sanitation, Culture-Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

A. Reporting Entity

The accompanying financial statements present the City and its component unit, The Garden City Urban Renewal Agency (URA) an entity for which the City is considered to derive a financial benefit. The URA is a separate and distinct legal entity and was created in 1995 in accordance with Idaho Statutes. The URA has a separate governing Board consisting of five appointed Commissioners. Of the five members of the URA Board, two are Garden City Council members and the other three are appointed from Garden City citizens at large. The City benefits financially from the contributions made by the URA to the City for the building of needed water, sewer and other facilities and correspondingly the URA is considered a discrete component unit of the City. URA financial information is presented in the accompanying financial statements in a separate column.

The complete financial statements for the URA can be obtained from City Hall, 6015 Glenwood Drive, Garden City Idaho 83714

The City contributes to the multi-employer Public Employee Retirement System of Idaho (the System). The System is administered by the State of Idaho and the City is not the major participant in the plan; therefore, the plan financial statements are not included in this report.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the City. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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 each segment of the 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 expenses—expenses of the general government related to the administration and support of the City's programs, such as personnel and accounting (but not interest on long-term debt)—are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) 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 and state formula aid, 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. Any remaining governmental and enterprise funds would be aggregated and reported as nonmajor funds.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

- *General fund.* This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.
- *Development Services fund.* This is a special revenue fund. The fund accounts for all revenues and expenditures associated with building permits and planning and zoning activities.

Proprietary fund operating revenues and expenses are related to providing sanitation, water, and sewer services to the residents and businesses of the City of Garden City, Idaho and providing services to other parts of the City government. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

The City reports the following major enterprise funds:

- *Water and Sewer fund.* This fund accounts for the activities of the City's water and wastewater systems.
- *Sanitation fund.* This fund accounts for the operations and collections of the City's sanitation services.

Basis of Accounting

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 receives value without directly giving equal value in return, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet.

The City uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable*. Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted*. Amounts that can be spent only for specific purposes because of the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- *Committed*. Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. This includes the budget reserve account.
- *Assigned*. Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by City Council.
- *Unassigned*. All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet as discussed as discussed above. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets and Liabilities

Cash Equivalents

The City requires all cash belonging to the City to be placed in custody of the Treasurer. A "Pooled Cash" concept is therefore used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

pooled for investment purposes and each fund has equity in the pooled amount. For purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments, including restricted cash, with a maturity of three months or less when purchased to be cash equivalents. See Note 2.

Investments

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, commercial paper, corporate bonds, repurchase agreements, City coupon and local improvement district bonds.

Investments are stated at fair value as determined by quoted market prices, except for the certificates of deposit which are non-participating contracts, and are therefore carried at amortized costs. The City pools its investment funds to maximize interest income. The City allocates interest income on investments to the various funds based on the average balance of the net contribution of the respective fund.

Customer Services Receivables

Amounts owed to the City for customer services are due from area residents and businesses and relate to water, sewer and trash services provided by the City.

All customer services receivables are shown net of an allowance for doubtful accounts. As of September 30, 2021, there were no allowances in any of the funds.

Property Tax Calendar

Within the governmental fund financial statement, property taxes, including those within the Component Unit, are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year end. Property taxes attach as liens on properties on January 1, are levied in September and are assessed as a legally enforceable lien on October 1st of each fiscal year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20. Since the City and its Component Unit is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are not recorded as a receivable and revenue is not recorded until the fiscal year for which these revenues are to be used as a resource for payment of budgeted expenditures. The Ada County Tax Collector bills and collects taxes for the City and its Component Unit.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

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

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

	<u>Capitalization Policy</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements Service Lines and Land Improvements	\$5,000	Straight-Line	50 Years
Machinery and Equipment	\$5,000	Straight-Line	10 – 50 Years
Public Domain Infrastructure	\$5,000	Straight-Line	3 – 25 Years
			30 – 50 Years

General infrastructure assets acquired prior to October 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003.

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

Compensated Absences

The City provides vacation and sick leave to its full-time employees. Compensated absences are paid from the fund to which each employee is allocated. Earned vacation is paid to employees when taken or paid to employees or beneficiaries upon the employees' termination, retirement or death. The City does not pay earned sick pay upon the employees' termination, retirement or death. Therefore, sick pay is not accrued since the amount cannot be reasonably estimated.

Risk Management

The City is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for property and liability insurance. The City's exposure to loss from its participation in ICRMP is limited to the extent of the deductible only.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and is not recognized as an inflow of resources (revenue) until that time. The government has two items in this category. The first arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the government funds balance sheet. The governmental funds report unavailable revenues for one source; property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item in this category arises from premiums paid for bonds (amounts paid by bond purchasers above the face value of the bonds that were issued). These amounts are deferred and recognized as an inflow of resources (reduction in interest expense) over the remaining life of the bonds that were issued and gave rise to the premiums.

Bonded Indebtedness

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types recognize long-term obligations as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

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 Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2021, the carrying amount of the City's deposits was \$581,171 and the respective bank balances totaled \$793,167. \$511,361 of the bank balance was insured through the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration Insurance (NCUA).

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 September 30, 2021, \$281,806 of the City's deposits were not covered by the federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City. The City also had \$1,050 of petty cash on hand. The City accepts the risk of having certain cash balances above FDIC insurance.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation and is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The City is not invested in any debt instruments or investments that are rated by rating organizations. This risk is mitigated by investments that are insured by the FDIC, NCUA and by credit ratings on quality ratings of A or better.

Interest Rate Risk

Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The City is invested in certificates of deposit, overnight repurchase agreements and the State of Idaho Local Investment Pool which comply with the City's investment policy.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

2. CASH AND INVESTMENTS (continued)

Investments

The City voluntarily invests in the State of Idaho Local Government Investment Pool (LGIP), which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is a part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer’s Office and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. Oversight is with the Treasurer of the State of Idaho and Idaho Code 67-1210A defines allowable investments. The fair value of the Agency’s investment in the pool is the same as the value of the pool shares.

The Code and the City investment policy limit investments to the following general types:

- Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.
- Time deposit accounts, tax anticipation and interest-bearing notes.
- Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies.
- Repurchase agreements secured by the above.

The City’s investments at September 30, 2021, are summarized below:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Certificates of Deposit	\$ 160,344	\$ 160,344	\$ -
Money Market	348,145	348,145	-
External Investment Pool	8,751,672	8,751,672	-
	<u>\$ 9,260,161</u>	<u>\$ 9,260,161</u>	<u>\$ -</u>

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

2. CASH AND INVESTMENTS (continued)

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 145,069	\$ 89,007	\$ 234,076
Investments categorized as cash	5,739,010	3,360,807	9,099,817
Restricted cash and investments	-	160,344	160,344
	\$ 5,884,079	\$ 3,610,158	\$ 9,494,237

The City has set aside \$160,344 in accordance with debt restrictions.

3. DUE FROM OTHER GOVERNMENTAL UNITS

The following summarizes the intergovernmental receivables at September 30, 2021:

<u>State of Idaho:</u>	
State Tax Commission	\$ 387,615
Liquor Distribution	44,329
<u>Urban Renewal:</u>	
Parks	4,927
Enterprise Fund	32,040
<u>Ada County:</u>	
Court Revenue	14,525
<u>Other :</u>	
PD Grants	11,995
USMS	1,705
OHS Step	804
Ada County - Fair Overtime	10,744
Total	\$ 508,685

4. PROPERTY TAXES

The City receives tax revenue from Ada County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the City by the County as of September 30, 2021, are considered by the City as a receivable. Taxes not collected within 60 days after September 30, 2021, are not considered available for use by the City and are recorded as deferred revenue in the fund financial statements.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. PENSION PLAN

Plan Description

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

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

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City of Garden City, Idaho's contributions were \$622,296 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 of Garden City, Idaho 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 of Garden City, Idaho's proportion of the net pension liability was based on the City of Garden City, 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, 2021, the City of Garden City, Idaho's proportion was 0.13699417 percent.

For the year ended September 30, 2021, the City of Garden City, Idaho recognized pension expense (revenue) of (\$149,068). At September 30, 2021, the City of Garden City, Idaho 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	\$ 159,411	\$ 62,890
Changes in assumptions or other inputs	1,241,944	-
Net difference between projected and actual earnings on pension plan investments	-	3,398,327
Changes in the City's proportion and differences between the City's contributions and the City's proportionate contributions	-	49,276
City contributions subsequent to the measurement date	169,490	-
Total	\$ 1,570,845	\$ 3,510,493

\$169,490 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, 2021.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. PENSION PLAN (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 years and 4.6 for the measurement period June 30, 2021.

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

For the Year Ended	
September 30:	PERSI
2022	\$ (364,335)
2023	(436,678)
2024	(381,607)
2025	(757,028)

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 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 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

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.

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 Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

Capital Market Assumptions from Callan 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Core Fixed Income	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 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:

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

5. PENSION PLAN (continued)

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	\$ 3,761,095	\$ (108,195)	\$ (3,279,930)

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.

6. COMPENSATED ABSENCES

Vacation leave is granted to all regular City employees. In the event of termination, an employee is reimbursed for accumulated vacation leave. Changes in accumulated vacation are as follows:

	<u>9/30/2020</u>	<u>Earned</u>	<u>Used</u>	<u>9/30/2021</u>	<u>Current</u>
Governmental Activities	\$ 266,655	\$ 249,014	\$ 204,369	\$ 311,300	\$ 311,300
Business-type Activities	38,802	37,878	37,530	39,150	39,150
Total	<u>\$ 305,457</u>	<u>\$ 286,892</u>	<u>\$ 241,899</u>	<u>\$ 350,450</u>	<u>\$ 350,450</u>

7. RISK MANAGEMENT

The City is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, medical insurance costs, and professional liabilities.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

8. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021, was as follows:

	<u>Balance</u> <u>9/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2021</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 7,611,992	\$ -	\$ -	\$ 7,611,992
Total Nondepreciable Assets	<u>7,611,992</u>	<u>-</u>	<u>-</u>	<u>7,611,992</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	4,829,558	-	-	4,829,558
Machinery and Equipment	<u>3,020,173</u>	<u>152,808</u>	<u>(41,981)</u>	<u>3,131,000</u>
Total Historical Cost	<u>7,849,731</u>	<u>152,808</u>	<u>(41,981)</u>	<u>7,960,558</u>
Less: Accumulated Depreciation				
Total Accumulated Depreciation	<u>3,974,828</u>	<u>313,670</u>	<u>(41,981)</u>	<u>4,246,517</u>
Net Depreciable Assets	<u>3,874,903</u>	<u>(160,862)</u>	<u>-</u>	<u>3,714,041</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 11,486,895</u>	<u>\$ (160,862)</u>	<u>\$ -</u>	<u>\$ 11,326,033</u>
	<u>Balance</u> <u>9/30/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/2021</u>
<u>Business-type Activities:</u>				
Buildings and Improvements	\$ 3,864,343	\$ 135,714	\$ -	\$ 4,000,057
Machinery and Equipment	3,639,963	73,167	(4,543)	3,708,587
Utility, Plant, Improvements	<u>24,550,254</u>	<u>1,076,132</u>	<u>-</u>	<u>25,626,386</u>
Total Depreciable Assets	<u>32,054,560</u>	<u>1,285,013</u>	<u>(4,543)</u>	<u>33,335,030</u>
Less: Accumulated Depreciation				
Buildings and Improvements	1,977,609	123,920	-	2,101,529
Machinery and Equipment	3,208,696	91,350	(4,543)	3,295,503
Utility, Plant, Improvements	<u>8,738,524</u>	<u>456,713</u>	<u>-</u>	<u>9,195,237</u>
Total Accumulated Depreciation	<u>13,924,829</u>	<u>671,983</u>	<u>(4,543)</u>	<u>14,592,269</u>
Business-type Activities - Net	<u>\$ 18,129,731</u>	<u>\$ 613,030</u>	<u>\$ -</u>	<u>\$ 18,742,761</u>

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

8. CAPITAL ASSETS (continued)

Depreciation expense was charged to the functions of the City as follows:

Governmental Activities:	
General Government	\$ 70,603
Public Safety	192,763
Culture and Recreation	50,304
	<u>\$ 313,670</u>
Business-Type Activities:	
Water	\$ 383,697
Sewer	288,286
	<u>\$ 671,983</u>

No interest has been capitalized.

9. LONG-TERM LIABILITIES

Governmental Activities – General Obligation Bonds

On December 21, 2004, the City issued \$860,000 in General Obligation bonds for the construction of the new City Hall and Library. The bonds are payable in annual principal installments varying from \$30,000 to \$65,000 through August 2025, plus interest ranging from 2.85% to 4.95% payable semi-annually. The bonds are secured by *ad valorem* taxes to be levied against all taxable property within the City.

Business-type Activities – Revenue Bonds

On September 1, 2011, the City issued \$1,510,000 in Revenue Bonds to refinance the Revenue Bonds that were originally issued on November 1, 2001 for the construction of the Water Filtration System. The bonds were payable in annual principal installments varying from \$135,000 to \$175,000, plus interest ranging from 2% to 4% payable semi-annually. The bonds were repaid in full in September 2021.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

9. LONG-TERM LIABILITIES (continued)

Changes in long-term obligations for the year ended September 30, 2021, are as follows:

Description	Maturity	Rate	Required Reserve	9/30/2020	Increase	Decrease	9/30/2021	Current
<u>Governmental Activities</u>								
General Obligation Bond	August 2025	2.85 - 4.95%	N/A	\$ 295,000	\$ -	\$ (55,000)	\$ 240,000	\$ 55,000
<u>Business-Type Activities</u>								
Revenue Bonds	September 2021	2 - 4%	\$ 24,372	\$ 175,000	\$ -	\$ (175,000)	\$ -	\$ -
Unamortized Bond Premium				52,667	-	(52,667)	-	-
Total Business-Type Activities				<u>\$ 227,667</u>	<u>\$ -</u>	<u>\$ (227,667)</u>	<u>\$ -</u>	<u>\$ -</u>

Debt service requirements on long-term debt at September 30, 2021, are as follows:

September 30,	Governmental Activities	
	Principal	Interest
2022	55,000	11,620
2023	60,000	9,008
2024	60,000	6,128
2025	65,000	3,217
	<u>\$240,000</u>	<u>\$29,973</u>

There was \$14,178 of interest expense for the year ended September 30, 2021. No interest was capitalized during the year.

10. TRANSFERS

During the year ended September 30, 2021 the following transfers took place between funds:

\$ 1,194,000	From the Water and Sewer fund to the General fund for administrative and utility billing expenses
<u>160,000</u>	From the Sanitation fund to the General fund for administrative and utility billing expenses
<u>\$ 1,354,000</u>	

11. OTHER COMMITMENTS

The City has credit cards available for use with a total credit limit of \$97,500. As of September 30, 2021, \$13,157 of the available limit was in use.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

12. PLEDGED REVENUES

The City has pledged a portion of future ad valorem property tax revenues to be levied against all taxable property in the City to repay \$860,000 in bonds issued in December, 2004 to finance the building of the new library and city hall. The bonds are payable solely from the property taxes. The additional property tax levy produces 100 percent of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$269,973, payable through August 1, 2025. For the current year, principal and interest paid was \$69,178.

13. LEASE COMMITMENTS

The City leases copy machines. It is anticipated that the copiers will be returned as the end of the lease period. Future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	2,606
2023	2,091
2024	2,091
2025	2,091
2026	1,045
	<u>\$ 9,924</u>

Rent expenditures for the year ended September 30, 2021, were \$10,997.

14. CONTINGENT LIABILITIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including accounts already collected, could become a liability of the City. City management believes disallowance, if any, will not be material.

The City has been named as defendant in various legal actions, the results of which are not presently determinable. However, in the opinion of City management, the amount of losses that might be sustained, if any, would not materially affect the City's financial position.

15. COMPONENT UNIT

The Garden City Urban Renewal Agency (Agency) is a separate and distinct legal entity of the City of Garden City (City) created by and existing under the Idaho Urban Renewal Law of 1965, as amended. The Directors for the Agency are appointed by the Mayor and approved by the City Council. The Agency provides urban renewal services for the citizens of the City.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

15. COMPONENT UNIT (continued)

The following is a summary of the disclosures required for a fair presentation of the component unit in the City's financial statements.

Nature and amount of significant transactions with the City of Garden City

For the year ended September 30, 2021 the Agency reimbursed \$979,311 for improvements and equipment.

Cash and Cash Equivalents

At year-end, the carrying amount of the Agency's deposits was \$197,589 and the respective bank balances totaled \$197,589. All of the total bank balance was insured or collateralized with the pooled securities held by the pledging institution in the name of the District.

The Agency also voluntarily invests in the State of Idaho Local Government Investment Pool (LGIP), which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is a part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer's Office and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. Oversight is with the Treasurer of the State of Idaho and Idaho Code 67- 1210A defines allowable investments. The fair value of the Agency's investment in the pool is the same as the value of the pool shares.

As of September 30, 2021, the amount of deposits invested in cash equivalents include:

Investment Type	Maturities	Fair Value
Cash Equivalents		\$ 197,589
Money Market	N/A	202,082
External Investment Pool	N/A	346,083
		\$ 745,754

Interest Rate Risk. The Agency's formal policy is to invest only in vehicles with maturities of one year or less to mitigate exposure to fair value losses caused by changing interest rates.

Credit Risk and Custodial Credit Risk. In the event of a bank failure, the Agency's deposits may not be returned or that an issuer or other counter party to an investment will not fulfill its obligations. The Agency's formal policy is to only deposit in banks that are FDIC insured and only invest in A grade or higher vehicles for collateralization.

City of Garden City, Idaho
Notes to Financial Statements
For the Year Ended September 30, 2021

15. COMPONENT UNIT (continued)

Concentration of Credit Risk. When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Agency has no policy to analyze the benefits of diversification against its costs for each investment. If diversification is considered impracticable, the Agency accepts the risk associated with that concentration. However, the Agency will separate enterprise fund deposits from general fund deposits through the use of different investment vehicles. Idaho Code 67-2739 does limit the total deposits of a state depository.

16. TAX ABATEMENT

The Urban Renewal Agency has entered into an agreement to refund a portion of property taxes to certain business within the taxing district. The Urban Renewal Agency has entered into a \$350,000 note with a 4.25% interest rate. The note is structured such that the Urban Renewal Agency is only required to pay 75% of the property tax collected from the property of the business. The agreement lasts until December 31, 2032, at which time any unpaid principal is forgiven. During the year ended September 30, 2021, the agency reimbursed \$69,479 of property tax revenue.

17. PRIOR PERIOD ADJUSTMENT

The Bond Premium Revenue Bonds was overstated in past years. This caused Net Position for the Business-Type Activities to be overstated by \$24,892. Net Position for the Business-Type Activities was restated as below:

	<u>Business-Type Activities</u>
Net Position, As Previously Reported	\$ 20,290,294
Increase in Net Position due to overstated bond premium	24,894
Net Position, Restated	\$ 20,315,188

REQUIRED SUPPLEMENTARY INFORMATION

City of Garden City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 3,077,757	\$ 3,077,757	\$ 3,096,659	\$ 18,902
Licenses and Permits	36,000	36,000	43,513	7,513
Charges for Services	29,700	29,700	18,851	(10,849)
Intergovernmental	1,566,106	1,566,106	1,584,915	18,809
Fines and Forfeitures	105,500	105,500	171,232	65,732
Grants	1,634,314	1,634,314	2,101,923	467,609
Franchise Fees	560,000	560,000	562,796	2,796
Interest	80,000	80,000	20,994	(59,006)
Rent	300	300	101	(199)
Miscellaneous	23,000	23,000	271,693	248,693
Total Revenues	<u>7,112,677</u>	<u>7,112,677</u>	<u>7,872,677</u>	<u>760,000</u>
Expenditures				
Current:				
General Government	2,688,580	2,688,580	2,489,152	199,428
Public Safety	4,941,440	4,941,440	4,899,047	42,393
Culture and Recreation	1,139,157	1,139,157	1,092,285	46,872
Capital Outlay	97,500	97,500	152,808	(55,308)
Total Expenditures	<u>8,866,677</u>	<u>8,866,677</u>	<u>8,633,292</u>	<u>233,385</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,754,000)</u>	<u>(1,754,000)</u>	<u>(760,615)</u>	<u>993,385</u>
Other Financing Sources (Uses)				
Transfers In	1,354,000	1,354,000	1,354,000	-
Total Other Financing Sources (Uses)	<u>1,354,000</u>	<u>1,354,000</u>	<u>1,354,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(400,000)</u>	<u>(400,000)</u>	<u>593,385</u>	<u>993,385</u>
Fund Balances - Beginning	<u>400,000</u>	<u>400,000</u>	<u>3,496,671</u>	<u>3,096,671</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,090,056</u>	<u>\$ 4,090,056</u>

City of Garden City, Idaho
 Budgetary (GAAP Basis) Comparison Schedule
 Development Services
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Charges for Services	\$ 545,000	\$ 545,000	\$ 1,132,915	\$ 587,915
Miscellaneous	4,500	4,500	2,065	(2,435)
Total Revenues	<u>549,500</u>	<u>549,500</u>	<u>1,134,980</u>	<u>585,480</u>
Expenditures				
Current:				
General Government	<u>572,923</u>	<u>572,923</u>	<u>858,022</u>	<u>(285,099)</u>
Total Expenditures	<u>572,923</u>	<u>572,923</u>	<u>858,022</u>	<u>(285,099)</u>
Net Change in Fund Balances	(23,423)	(23,423)	276,958	300,381
Fund Balances - Beginning	23,423	23,423	333,178	309,755
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,136</u>	<u>\$ 610,136</u>

City of Garden City, Idaho
Notes to Required Supplementary Information
For the Year Ended September 30, 2021

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the Department Heads, the City Treasurer, Mayor, and City Council prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted at the City Hall to obtain landowner and resident comments.
- C. Prior to October 1, the budget is legally enacted through passage of an ordinance.
- D. The City is authorized to transfer budgeted amounts between departments within any non-enterprise fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The City, however, must follow the same budgetary procedures as they followed when the original budget was approved. The budget for enterprise funds may also be revised in the same manner as those situations involving federal and state grants.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Development Services fund has expenditures in excess of appropriations in the amount of \$285,099.

City of Garden City, Idaho
Schedules of Required Supplementary Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

Year	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.1369942%	\$ (108,195)	\$ 5,135,982	(2.11%)	100.36%
2020	0.1381311%	3,207,587	4,902,324	65.43%	88.22%
2019	0.1324868%	1,512,300	4,546,001	33.27%	93.79%
2018	0.1337884%	1,973,402	4,284,411	46.06%	91.69%
2017	0.1348082%	2,118,953	4,122,527	51.40%	90.68%
2016	0.1448303%	2,935,933	4,324,701	67.89%	87.26%
2015	0.1574557%	2,073,435	5,313,007	39.03%	91.38%

Data reported is measured as of June 30, 2021.

Schedule of City Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2021	\$ 622,296	\$ 622,296	\$ -	\$ 5,135,982	12.12%
2020	593,891	593,891	-	4,902,324	12.11%
2019	527,930	527,930	-	4,546,001	11.61%
2018	492,284	492,284	-	4,284,411	11.49%
2017	473,860	473,860	-	4,122,527	11.49%
2016	496,980	496,980	-	4,324,701	11.49%
2015	610,336	610,336	-	5,313,007	11.49%

Data reported is measured as of September 30, 2021.

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

FEDERAL REPORT



Zwygart John & Associates CPAs, PLLC

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

Honorable Mayor
and City Council
City of Garden City, 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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the remaining fund information of the City of Garden City, 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 Garden City, Idaho's basic financial statements and have issued our report thereon dated March 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Garden City, Idaho'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 City of Garden City, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Garden City, Idaho'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Garden City, Idaho's financial statements are free from 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Zwyzart John and Associates, CPAs, PLLC

Nampa, Idaho
March 7, 2022