Custer County, Idaho

AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2021

Gary Merkle, PLLC

CERTIFIED PUBLIC ACCOUNTANT

Custer County, Idaho
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Financial Section

Gary Merkle, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2627 W. IDAHO STREET BOISE, IDAHO 83702 (208) 375-4573 PHONE
(208) 375-2613 FAX



Independent Auditor's Report

Board of Commissioners
Custer County, Idaho
Challis, Idaho

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Custer County, Idaho (the County) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 County'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 County's internal control. Accordingly, I 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.

Unmodified Opinions

In my 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, each major fund and the aggregate remaining fund information of Custer County, Idaho as of September 30, 2021, and the respective changes in financial position thereof, 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 budgetary comparison schedules, schedule of employers share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents 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. I 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 response to my inquiries, the basic financial statements, and other knowledge obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has not included 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by not including this information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund and fiduciary financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, I have also issued my report dated January 04, 2022, on my consideration of Custer County, Idaho's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that reports is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Custer County, Idaho's internal control over financial reporting and compliance.

Gary Merkle, CPA

Boise, Idaho
January 04, 2022

Basic Financial Statements

Custer County, Idaho
Statement Of Net Position
September 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	$8,310,850	$915,582	$9,226,432
Investments	4,836,374		4,836,374
Current taxes receivable	24,774		24,774
Fees receivables		2,540	2,540
Total current assets	13,171,998	918,122	14,090,120
Non-current assets:			
Land	910,923	56,149	967,072
Capital assets, net of depreciation	1,631,347	20,963	1,652,310
Total non-current assets	2,542,270	77,112	2,619,382
Total assets	15,714,268	995,234	16,709,502
Deferred Outflows - Pensions	492,278		492,278
Liabilities			
Current liabilities:			
Warrants payable	154,126	5,191	159,317
Compensated absences	184,537		184,537
Total current liabilities	338,663	5,191	343,854
Long-term liabilities:			
Capital lease, due within one year	137,590		137,590
Capital lease, due in more than one year	1,031,563		1,031,563
Net pension liability	(34,730)		(34,730)
Total long-term liabilities	1,134,423		1,134,423
Total liabilities	1,473,086	5,191	1,478,277
Deferred Inflows - Pension	1,111,049		1,111,049
Net Position			
Net investment in capital assets, net of related debt	1,373,117	77,112	1,450,229
Restricted for:			
Special programs	3,844,796		3,844,796
Unrestricted	8,404,498	912,931	9,317,429
Total net position	$13,622,411	$990,043	$14,612,454

See accompanying notes to the financial statements

Custer County, Idaho
Statement Of Activities
Year Ended September 30, 2021

		Program Revenue				Net (Expense) / Revenue And Changes In Net Position		
Functions / Programs	Expenses	Services	Operating Grants And Contributions	Capital Grants And Contributions	Interest Earned	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
General government	$1,435,984	$5,768	$643,666			($786,550)		($786,550)
Public safety	1,053,322	202,185	70,899			(780,238)		(780,238)
Public health	99,100	37,004				(62,096)		(62,096)
Streets and roads	1,332,948	21,713	2,114,119			802,884		802,884
Parks and property	94,796					(94,796)		(94,796)
Education	4,300		11,000			6,700		6,700
Conservation	134,616	32,111	2,185			(100,320)		(100,320)
Judicial services	136,752	54,284	104,084			21,616		21,616
capital outlay	34,100					(34,100)		(34,100)
Interest on long tem debt	32,911					(32,911)		(32,911)
Depreciation	467,522					(467,522)		(467,522)
Total governmental activities	4,826,351	353,065	2,945,953	0	0	(1,527,333)	0	(1,527,333)
Business-Type Activities:								
Site operations	112,281	152,076					39,795	39,795
Depreciation	28,793						(28,793)	(28,793)
Total business-type activities	141,074	152,076	0	0	0		11,002	11,002
Total all	$4,967,425	$505,141	$2,945,953	$0	$0	(1,527,333)	11,002	(1,516,331)
			General Revenues:					
			Property tax			1,853,983		1,853,983
			Grants and other unrestricted revenues			1,583,475		1,583,475
			Interest and investment earnings			39,026		39,026
			Fines and fees			147,987		147,987
			Gain on vehicles traded			14,551		14,551
			Release of debt, equipment lease			350,571		350,571
			Total general revenues			3,989,593	0	3,989,593
			Change in net position			2,462,260	11,002	2,473,262
			Net position, beginning of year			11,160,151	979,041	12,139,192
			Net position, end of year			$13,622,411	$990,043	$14,612,454

See accompanying notes to the financial statements

Custer County, Idaho
Balance Sheet - Governmental Funds
September 30, 2021

	General Fund	Road And Bridge	Payments In Lieu Of Taxes	Other Governmental Funds	*Total* Governmental Funds
Assets					
Cash and equivalents	$2,745,902	$2,137,231	$1,611,427	$1,816,290	$8,310,850
Investments			4,836,374		4,836,374
Taxes receivable, net	17,967			6,807	24,774
Total Assets	$2,763,869	$2,137,231	$6,447,801	$1,823,097	$13,171,998
Liabilities					
Liabilities					
Warrants payable	44,619	59,279		50,228	154,126
Total Liabilities	44,619	59,279	0	50,228	154,126
Deferred Inflows					
Unavailable tax resources	15,559			6,025	21,584
Total Deferred Inflows	15,559			6,025	21,584
Fund Balances					
Restricted for:					
Special programs		2,077,952		1,766,844	3,844,796
Unassigned	2,703,691		6,447,801		9,151,492
Total Fund Balances	2,703,691	2,077,952	6,447,801	1,766,844	12,996,288
Total Liabilities, Deferred Inflows, and Fund Balances	$2,763,869	$2,137,231	$6,447,801	$1,823,097	$13,171,998

See accompanying notes to the financial statements

Custer County, Idaho
Reconciliation Of The Governmental Funds Balances to the Statement Of Net Position
September 30, 2021

Total fund balances, governmental funds		$12,996,288
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of assets	7,787,595	
Less accumulated depreciation	(5,245,325)	2,542,270
Property taxes receivable will be collected this year but are not available soon enough to pay for the current year's expenditures and therefore are deferred in the funds.		
Deferred property taxes		21,584
Long term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences		(184,537)
Long term due within one year		(137,590)
Long term due in more than one year		(1,031,563)
A net pension liability for the measured portion of the net present value of projected benefit payments is reported on the Statement of Net Position but not in the fund financial statements.		
Deferred outflows associated with the net pension liability		492,278
Deferred intflows associated with the net pension liability		(1,111,049)
Net pension liability		34,730
Net position of governmental activities in the Statement of Net Position		$13,622,411

See accompanying notes to the financial statements

Custer County, Idaho
Statement Of Revenues, Expenditures And Changes In Fund Balances - Governmental Funds
Year Ended September 30, 2021

Revenues	General Fund	Road and Bridge Fund	Payments In Lieu of Taxes	Other Governmental Funds	Total Governmental Funds
Local Sources:					
Property taxes	$1,440,762			$414,431	$1,855,193
Charges for services	180,341	2,301		73,892	256,534
Fees and fines	147,987	3,705		67,265	218,957
Interest income	9,800		49,614		59,414
Net increase/(decrease) in fair value of investments			(20,388)		(20,388)
Sales of county property	43,437	9,128			52,565
Other items	49,711	6,579		9,854	66,144
Intergovernmental:					
Local	52,751			2,862	55,613
State	647,170	1,685,008	833,860	132,762	3,298,800
Federal	9,940	429,111	223,747	419,069	1,081,867
Total Revenues	2,581,899	2,135,832	1,086,833	1,120,135	6,924,699
Expenditures					
Current:					
General government	1,454,454		99,370	137,666	1,691,490
Public safety	1,002,787			50,535	1,053,322
Public health				99,100	99,100
Streets and roads		1,332,948			1,332,948
Parks and recreation	78,296			16,500	94,796
Education				4,300	4,300
Conservation			7,600	127,016	134,616
Judicial services				136,752	136,752
Capital outlay	42,003	90,404		18,812	151,219
Debt service:					
Principal retirement		149,474			149,474
Interest and other debt charges		32,911			32,911
Total Expenditures	2,577,540	1,605,737	106,970	590,681	4,880,928
Excess/(Deficiency) of revenues over expenditures	4,359	530,095	979,863	529,454	2,043,771
Other Financing Sources/(Uses)					
Transfers in, see Note II (c)	295,301				295,301
Transfers out, see Note II (c)			(295,301)		(295,301)
Net Change in Fund Balance	299,660	530,095	684,562	529,454	2,043,771
Fund Balance - beginning of the year	2,404,031	1,547,857	5,763,239	1,237,390	10,952,517
Fund Balance - end of the year	$2,703,691	$2,077,952	$6,447,801	$1,766,844	$12,996,288

See accompanying notes to the financial statements

Custer County, Idaho
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activites
Year Ended September 30, 2021

Net change in fund balances - total governmental funds	$2,043,771
Capital outlays are reported as expenditures in governmental funds.	117,119
In the Statement of Activities, the cost of assets is allocated over their estimated useful lives as depreciation.	(467,522)
Repayment of long-term debt is reported as an expenditure in the governmental funds, however, the repayment reduces long-term liabilities in the Statement of Net Assets. The current year principal paymentt equalled $149,474.	149,474
Because some property taxes will not be collected for several months after the fiscal year end, they are not considered "available" revenues in the governmental funds. Deferred tax revenues decreased $1,210 during the current year ended.	(1,210)
Gain on vehicles traded in.	14,551
Vendor granted price concessions to accommodate the financing requirements. The price concessions represent a gain on the trade-in price of the equipment returned on the Statement of Activities but is not considered revenue in the govenmental funds.	350,571
Some expenses reported in the Statement of Activities do not require the use of current financial resoures and are not reported as expenditures in the governmental funds.	
(Increase)/decrease in balance of compensated absences	(20,111)
Gain/(loss) on pension expense not reflected in governmental funds	275,617
Change in net position of governmental activities	$2,462,260

See accompanying notes to the financial statements

Custer County, Idaho
Statement Of Net Position - Proprietary Funds
September 30, 2021

	Business type Activities - Enterprise Funds		
	Major Fund		
	Solid Waste	Emergency Communications	Total
Assets			
Current Assets:			
Cash and equivalents	$738,381	$177,201	$915,582
Fees receivable, net	2,540		2,540
Total current assets	740,921	177,201	918,122
Noncurrent Assets:			
Capital Assets:			
Improvements - roll off dock	56,149		56,149
Buildings	98,455		98,455
Equipment	75,731	169,763	245,494
Less accumulated depreciation	(174,312)	(148,674)	(322,986)
Total capital assets, net of depreciation	56,023	21,089	77,112
Total Assets	796,944	198,290	995,234
Liabilities			
Current Liabilities:			
Warrants payable	3,784	1,407	5,191
Total liabilities	3,784	1,407	5,191
Net Position			
Net investment in capital assets	56,023	21,089	77,112
Unrestricted	737,137	175,794	912,931
Total net position	$793,160	$196,883	$990,043

See accompanying notes to the financial statements

Custer County, Idaho
Statement Of Revenues, Expenses And Changes In Fund Net Position - Proprietary Funds
Year Ended September 30, 2021

	Business type Activities - Enterprise Funds		
	Major Fund		
	Solid Waste	Emergency Communications	Total
Operating Revenue			
Charges for services	$92,832	$59,244	$152,076
Total operating revenue	92,832	59,244	152,076
Operating Expenses			
Site operations	61,706	50,575	112,281
Depreciation	4,404	24,389	28,793
Total operating expenses	66,110	74,964	141,074
Operating income (loss)	26,722	(15,720)	11,002
Change in net position	26,722	(15,720)	11,002
Net position -beginning	766,438	212,603	979,041
Net position - ending	$793,160	$196,883	$990,043

See accompanying notes to the financial statements

Custer County, Idaho
Statement Of Cash Flows - Proprietary Funds
Year Ended September 30, 2021

	Business-type Activities		
	Solid Waste	Emergency Communicaitons	Total
Cash flows from operating activities:			
Cash received from customers	93,740	59,244	152,984
Cash payments to suppliers for goods and services	(61,961)	(51,490)	(113,451)
Net cash provided/(used) by operating acitivites	31,779	7,754	39,533
Net increase/(decrease) in cash and cash equivalents	31,779	7,754	39,533
Cash and cash equivalents - beginning of year	706,602	169,447	876,049
Cash and cash equivalents - end of year	$738,381	$177,201	$915,582
Reconciliation of operating income/(loss) to net cash provided/(used) for operationg activities			
Operating income/(loss)	26,722	(15,720)	11,002
Adjustments to reconcile operating income/(loss) to net cash provided/(used) for operating activities:			
Depreciation	4,404	24,389	28,793
(Increase)/decrease in accounts receivable	908		908
Increase/(decrease) in warrants payable	(255)	(915)	(1,170)
Total adjustments	5,057	23,474	28,531
Net cash provided/(used) by operating acitivites	$31,779	$7,754	$39,533

See accompanying notes to the financial statements

Custer County, Idaho
Fiduciary Funds
Statement Of Fiduciary Net Position
September 30, 2021

	Agency Funds
Assets	
Cash and equivalents	$159,620
Taxes receivable	51,906
Total Assets	$211,526
Liabilities	
Warrants payable	$76,431
Due other agencies and units of government	135,095
Total Liabilities	$211,526

See accompanying notes to the financial statements

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Custer County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard-setting body for governmental accounting and financial reporting principles.

Custer County has implemented all GASB statements that are in effect for the County for the fiscal year ended September 30, 2021.

A. Reporting Entity

The County is governed by an elected three member board of Commissioners and provides services including general government, public safety, judicial, sanitation, health and welfare and recreation and culture. The County follows GASB in determining the reporting entity. For financial reporting purposes, the County's reporting entity consists solely of the primary government. Accordingly, the financial statements include all funds, departments and agencies of the primary government whose budgets are controlled or whose boards are appointed by the County's board of Commissioners, or if exclusion of an organization would cause the County's financial statements to be misleading or incomplete. Control or dependence on the County was determined on the basis of appointment authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, significance to the County, and legal standing. Custer County contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). PERSI is administered by the State of Idaho. A ten year history is provided in PERSI's annual report.

B. Government-Wide and Fund Financial Statements

Government-wide Statements

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government, distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees and charges to external parties for goods or services.

Statement of Net Position
The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is displayed in the following three categories:

Net investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding related debt.

Restricted net position results when the purpose for or manner in which net position can be used is limited by an external authority a constitutional provision or enabling legislation. Enabling legislation both authorizes the raising of new resources and imposes legally enforceable limits on how they may be used. Decisions regarding the preferred first usage of unrestricted or restricted net position are made on a program by program basis when both types of resources are available.

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES *continued*

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net positions may have constraints or designations placed upon them by management, but they can be unilaterally removed.

Statement of Activities

The Statement of Activities demonstrates the degree to which the direct expenses of governmental functions and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function or business-type activity. Revenues are broken out by program and general designations. Program revenues display the extent to which programs are self-funded. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function or activity. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources that are not attributable to specific programs are reported instead as general revenues.

Fund Statements

The financial activities of the County are recorded in individual funds to report the financial position and results of the operations of the County. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental and business-type funds are considered non-major funds and are consolidated in an "other" funds column on the combined fund statements. If there is more than one, the non-major funds are displayed individually in combining schedules.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for services that include general government and public safety. The *General Fund* includes all financial resources of the County except those required to be accounted for in another fund.

The *Road and Bridge Fund* accounts for state and federal highway revenues which are restricted to maintenance and repair of the County's roads and bridges.

The *PILT Fund* accounts for payments received in lieu of taxes. These funds are comparable to local property taxes and are unrestricted funds.

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES ***continued***

The County reports the following major proprietary funds:

The *Solid Waste Fund* accounts for resources used to provide solid waste services to the County and is funded primarily from user fees. The services are provided by a private enterprise which in turn bills the County for the services provided.

The *Emergency Communications Fund* accounts for resources used to provide 911 services to the County and is funded primarily from user fees.

Additionally, the County reports the following fund types:

Governmental Fund Type
Special Revenue Funds account for financial resources obtained from s;ecific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Fund Type
Agency Funds account for resources held by the County, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include reconciliation between the fund statements and the government-wide statements. Differences that make reconciliation necessary include the two differing measurement focuses and the basis of accounting between the statements.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expanses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fiduciary (agency) fund financial statements also use the accrual basis of accounting for asset and liability recognition, even though they have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County generally considers revenues to be available if they are collected with 60 days of the end of the current fiscal period. Significant revenue sources subject to accrual include property taxes and sales and liquor taxes. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to capital lease payments and compensated absences are recorded only when payment is due.

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES ***continued***

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contribution and any capital grants and contributions. All taxes as well as internally dedicated resources are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assts. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, Deferred Outflows, Deferred Inflows and Net Position or Equity

1. Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are stated at fair value at September 30, 2019, as determined by quoted market prices. The individual funds' portions of the pool's fair value are presented as 'investments'. Interest earned on the pooled funds is apportioned and paid or credited to the participating funds monthly. Interest earnings and increases or decreases in the fair value of investments are transferred to the respective funds. Idaho Code Section 67, Chapter 12, provides authorization for the investment of funds as well as to what constitutes an allowable investment. County policy is consistent with the Idaho Code.

The Code limits investments to the following types:

1. Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.

2. Time deposit accounts, tax anticipation and interest-bearing notes.

3. Bonds, treasury bills, debentures, or other similar obligations of the United States Government and United States Government Agencies

4. Repurchase agreements secured by the above.

Cash and investments are pooled and invested in certificates of deposit, United States Treasury Securities, and United State Government Agency Securities. For purposes of the statement of cash flows, the County considers all highly liquid investments purchased with maturities of three months or less to be cash.

Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

2. Receivables and Payables

Activity between funds that is representative of a lending or borrowing arrangement outstanding at the end of the fiscal year is current and referred to as "due to/from other funds" as are all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Receivables in the proprietary funds are shown net of an allowance for uncollectables if warranted.

Property tax revenues are recognized when received in the period for which the taxes are levied. Property taxes are accrued as assets receivable and deferred inflows on the Balance Sheet when the County has an enforceable legal claim to the taxes, which occurs on January 1 of the period prior to actual receipt of the tax payments. The County's assessment date is January 1, and property taxes, levied by the second Monday of September on a market value basis, are billed to the taxpayers in November. Half of the real, personal, and mobile home property taxes are due December 20th. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year.

3. Inventories

County-wide purchases of materials and supplies are consumed shortly after purchase and are recognized as an expenditure in special revenue funds and as an expense in proprietary funds when purchased. There are no significant inventories for GAAP reporting purposes.

4. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Custer County infrastructure acquired prior to fiscal years ended after June 30 1980 are immaterial and are not reported. Capital assets are defined by the County as assets with an individual cost of more than $1,500 for equipment, $12,000 for vehicles and $25,000 for land, buildings and improvements and an estimated useful life in excess of three years. All material assets are valued at historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value at the date of donation.

When an asset is disposed of, cost and related accumulated depreciation are removed, and any gain or loss arising from disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives us9ng the straight-line method. The estimated useful lives are as follows:

Equipment and vehicles	5 - 10 years
Buildings and improvements	10 - 40 years

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES ***continued***

Depreciation was charged to functions/programs as follows:

Governmental activities -	
General government	$ 457,522
Business-type activities -	
Solid waste	4,404
Emergency communications	24,389
Total depreciation	$ 486,315

5. Long Term Liabilities

In the government-wide financial statement, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond ordinances require a levy and collection of a tax without limitation, on all property subject to taxation by the County, sufficient in amount to pay the principal and interest on such bonds when they become due. The County currently has no bonded indebtedness.

6. Deferred Outflows and Deferred Inflows

Deferred outflow of resources is defined as a consumption of net position that is applicable to a future reporting period; the effect is positive, similar to an asset but is not an asset. Deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period; it has a negative effect, similar to a liability but is not a liability.

7. 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.

8. Net Position and Fund balance

The difference between assets, deferred outflows, liabilities, and deferred inflows is net position on the government-wide, proprietary fund, and fiduciary fund statements and fund balance on the governmental fund statements

Fund balances are classified as restricted or unrestricted (committed, assigned or unassigned).

Note I. SUMMARY Of SIGNIFICANT ACCOUNTING POLICIES *continued*

Restricted - Fund balances that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed - Fund balances that can be used only for the specific purposes determined by a formal action of the county commission (the County's highest level of decision-making authority). Additional action is essential to either remove or revise the commitment.

Assigned - Fund balances that are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The County Commission has by resolution authorized management to assign fund balances. Assignments generally only exist temporarily and do not require additional action for the removal of the assignment.

Unassigned - Fund balances that include al spendable amounts not contained in the other classifications

The County applies restricted resources before applying unrestricted resources to expenses incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Note II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Idaho code section 67-1301 and 67-2238 authorizes the state treasurer to combine the money of public agencies jointly in external investment pools, the Local Government Investment Pool (LGIP) and the diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations into these pools. The LGIP is a short-term investment pool. Participants have overnight availability to their funds, up to $10 million. Withdrawals of more than $10 million require 3 business days notification. The DBF was created for those state and public entities able to exchange current liquidity for potentially greater returns over the long run (3.5 years or longer). Withdrawals of $10 million or less generally require 5 business days notification prior to the last day of the month; those in excess of $10 million require 25 business day's notification.

The State Treasurer must operate and invest the funds of both pools for the benefit of the participants. Investments are made in accordance with Idaho Code, Sections 67-1210 and 67-1210A. The Pools are not registered with the Securities and Exchange Commission or any other regulatory body. The State Treasurer does not provide any legally binding guarantees to support the value of the shares to participants.

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Fair Value Measurements

Financial Accounting Standards Board ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities. (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1	Inputs are quoted prices in active markets that the County has the ability to access.
Level 2	Significant other observable inputs
Level 3	Inputs are significant unobservable inputs

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Custer County's investment's fair value measurements are as follows at September 30, 2020:

	Level 1	Level 2	Level 3
Government bonds and			
Money market funds	$ 667,275	$ -	$ -
Certificates of deposit	-	2,848,502	-
US Agencies	-	1,320,597	-
Total assets measured at fair value	$ 667,275	$ 4,169,099	$ -

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not be able to 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 County policy is to only invest in instruments with at least an A quality credit rating.

Concentration of Credit Risk

Custer County's investment policy, where possible, allows for no more than 50% in a specific issuer and 50% in a specific class of securities. The County has less than 50% in a specific issuer and less than 50% in a specific class. In addition, GASB 40 requires disclosure of concentrations over 5% in a single issuer. As of September 30, 2020, the following issuers held more than 5% of the County's total portfolio:

Wells Fargo	30%
Pro Equities	10%
US Bank	12%
DL Evans Bank	15%
State Treasurer LGIP	17%

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Custodial Credit Risk - investments
For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County investment policy states that no more than 50% of total County funds shall be invested in any one institution.

Custodial Credit Risk - deposits
For deposits, custodial credit risk is the risk that in the event of the failure of a bank, the County's deposits will not be returned to it. As of September 30, 2021, the County had $3,635,816 of deposits covered by FDIC insurance and $10,600,311 of funds on deposit over and above the FDIC limit.

Interest Rate Risk
Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. 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 County's investment policy is not limited to specific duration, but is structured to meet the County's anticipated cash flows and spending rate.

The following presents the County's exposure to credit and interest rate risk.

Investment Type	Market Value	Credit Rating
Negotiable certificates of deposit	$ 2,848,502	N/A
Federal Home Loan Mortgage Corp.	871,380	AA+
Federal Agriculture Mtg Corp.	449,217	
Total market value	$ 4,169,099	

B. Inter-fund Transfers

The following inter-fund transfers occurred during the current year ended:

	Transfer to	*Transfer from*
General fund	$ 295,301	
PILT		295,301
	$ 295,301	$ 295,301

Note II. DETAILED NOTES ON ALL FUNDS *continued*

C. Receivables

The following funds of Custer County have a receivable account balance as of September 30, 2021. The "allowance for doubtful account" for these amounts is immaterial. All receivables are expected to be collected within one year.

	Due from other governments	Fees
Governmental activities:	- 0 -	- 0 –
Business-type activities:		
Solid Waste fund		$ 2,540

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period, i.e. property taxes.

Deferred Inflow of Resources:	
Total property taxes receivable	24,774
Current portion	(3,190)
Deferred inflow of resources	$ 21,584

D. Capital Assets

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

	Balance at Sep 30, 2020	Additions	Deletions	Balance at Sep 30, 2021
Non Depreciable Capital Assets:				
Land and improvements	$ 967,072			$ 967,072
Depreciable Capital Assets:				
Buildings and Improvements	2,363,632	6,827		2,370,459
Vehicles and Equipment	4,736,368	711,033	(597,239)	4,850,162
Total Capital Assets	8,067,072	717,860	(597,239)	8,187,693
Accumulated Depreciation	(5,663,697)	(496,315)	591,701	(5,568,311)
Capital Assets, Net	$ 2,403,375	(137,936)	53,021	$ 2,619,382

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

E. Commitments and Contingencies

The County is at various times involved in claims arising from the ordinary course of operations. The estimated possible loss to the County for such claims is uncertain, as the likelihood of an unfavorable outcome is unknown. No accrual has been reflected in the financial statements for this matter. It is Management's opinion that the ultimate disposition of such claims will not have a material adverse affect on the County's financial condition.

F. Risk Management

The County is exposed to various risks of loss including (a) damage to and loss of property and contents (b) employee torts (c) professional liability (errors and omissions) (d) environmental damage (e) workers' compensation claims and (f) medical insurance costs of employees. Commercial policies, transferring the risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

G. Long Term Debt

The County frequently enters into lease-purchase commitments. The commitments qualify as a capital lease for accounting purposes and therefore have been recorded at the net present value of the future minimum lease payments as of the date of inception. The leases contain a cancellation provision and are subject to an annual appropriation. The following summarizes the lease obligations:

	Date	Total Payment	Interest Payment	Principle Payment	Balance
Summit Nat'l Bank					
2019 140M3 Motor Grader					
4.20% APR	03-02-21	26,814.48	10,514.11	16,300.37	230,606.38
	03-02-22	26,814.48	9,819.99	16,994.49	213,611.89
	03-02-23	26,814.48	9,096.31	17,718.17	195,893.72
	03-02-24	26,814.48	8,364.66	18,449.82	177,443.90
	03-02-25	185,000.06	7,556.16	177,443.90	- 0 -
Summit Nat'l Bank					
2021 950M Wheel Loader					
2.95% APR	01-16-21	23,898.48	300.00	23,898.48	235,546.62
	01-16-22.	23,898.48	7,045.13	16,853.35	218,693.27
	01-16-23.	23,898.48	6,541.05	17,357.43	201,335.84
	01-16-24.	23,898.48	6,021.89	17,876.59	183,459.25
	01-16-25.	23,898.48	5,502.25	18,396.23	165,063.02
	01-16-26.	165,063.02	- 0 -	165,063.02	- 0 -

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

G. Long Term Debt

	Date	Total Payment	Interest Payment	Principle Payment	Balance
Summit Nat'l Bank					
2021 150M Road Graderr					
2.99% APR	04-27-21	32,020.96	400.00	31,620.96	289,689.22
	04-27-22	31,620.96	8,782.01	22,838.95	266,850.27
	04-27-23	31,620.96	8,089.64	23,531.32	243,318.95
	04-27-24	31,620.96	7,396.50	24,224.46	219,094.49
	04-27-25	31,620.96	6,641.91	24,979.05	194,115.44
	04-27-26	200,000.11	5,884.67	194.115.44	- 0 -
Summit Nat'l Bank					
2015 CB54B Roller					
4.12% APR	06-24-21	23,608.44	3,520.62	20,087.82	65,364.17
	06-24-22	23,608.44	2,693.00	20,915.44	44,448.73
	06-24-23	23,608.44	1,831.29	21,777.15	22,671.58
	06-24-24	23,608.21	936.63	22.678.58	- 0 -
Summit Nat'l Bank					
2017 Asphalt Zipper					
3.49% APR	07-26-21	24,084.60	1,597.01	22,487.59	23,272.14
	07-26-22	24,084.34	812.20	23,272.14	- 0 -
Komatsu Financial Ltd Ptr					
Hamm H1i01 Roller					
4.49% APR	03-04-21	16,606.53	4,627.98	11,978.55	93,518.46
	03-04-22	16,606.53	4,082.66	12,523.87	80,994.59
	03-04-23	16,606.53	3,512.54	13,093.99	67,900.60
	03-04-24	71,000.15	3,099.55	67,900.60	- 0 -
Summit Nat'l Bank					
2018 Cat 140M3 Motor Grader					
4.59% APR	11-01-20	34,802.16	11,702.35	23,099.81	231,156.88
	11-01-21	34,802.16	10,610.10	24,192.06	206,964.82
	11-01-22	34,802.16	9,499.68	25,302.48	181,662.34
	11-01-23	190,000.64	8,338.30	181,662.34	- 0 -

Note II. DETAILED NOTES ON ALL FUNDS continued

H. Compensated Absences

The County provides personal leave to full time employees. It is paid to employees when taken and will be paid to employees or their beneficiaries upon the employee's termination, retirement or death.

The County's recognition and measurement criteria for compensated absences is as follows:

a) The employees' right to receive compensation is attributable to services already rendered

b) It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported in the government-wide financial statements.

I. Pension Plan

Plan Description

The County contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit 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 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 of benefices. 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.

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

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 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 a percentage of annual covered 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 the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% of covered compensation and 12.28% for police and firefighters. The County's contributions were $197,727 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, 20210, the County 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 County's proportion of the net pension liability was based on the County'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 County's portion was .000439750 percent.

For the year ended September 30, 2021, the County recognized pension expense (revenue) of ($17,950). At September 30, 2021, the County reported 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	- 0 -	1,090,861
Changes in assumptions or other inputs	398,662	- 0 -
Net difference between projected and actual earnings on pension plan investments	51,171	20,188
Employer contributions subsequent to the measurement date	47,445	
	$ 492,278	$ 1,111,049

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

$47,445 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.

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:

2022	$ (155,540)
2023	$ (140,173)
2024	$ (122,495)
2025	$ (243,006)

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 individuals 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-210 General Tables, increased 11%
General Employees and All Beneficiaries - Females Pub-210 General Tables, increased 21%
Teachers - Males Pub-210 Teacher Tables, increased 12%
Teachers - Females Pub-210 Teacher Tables, increased 21%

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Fire & Police - Males Pub 210 Safety Tables, increased 21%
Fire & Police - Females Pub 210 Safety Tables, increased 26%
Disabled Members - Males Pub 210 Disabled Tables, increased 38%
Disabled Members - Females Pub 210 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 other than 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 development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting 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 the 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.

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%

Note II. DETAILED NOTES ON ALL FUNDS ***continued***

Asset Class	Long Term Expected Nominal Rate of Return (Arithmetic)	Long Term Expected Real Rate of Return (Arithmetic)
Portfolio Long-Term (Geometric) Expected Rate of Return	56.55%	3.46%
Assumed Investment Expense	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 percent. 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 the assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease	*Current Discount Rate*	*1% Increase*
	(5.35%)	(6.35%)	(7.35%)
Employer's proportionate share of net pension liability (asset)	$1,207,308	($34,730)	($1,052,854)

Pension plan fiduciary net position

Detailed information about the pension's plan 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.

J. 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

Custer County, Idaho
General Fund
Schedule Of Revenues, Expenditures And Changes In Fund Balance
Budget And Actual - Non-GAAP Cash Basis
Year Eneded September 30, 2021

	Original/Final Budget	*Actual*	*Variance*
Revenues			
Local Sources:			
Property taxes	$1,430,694	$1,440,067	$9,373
Charges for services	173,500	180,341	6,841
Fees and fines	117,300	147,987	30,687
Interest income	75,000	9,800	(65,200)
Sales of county property	0	43,437	43,437
Other items	4,500	49,711	45,211
Intergovernmental:			
Local	50,000	52,751	2,751
State	530,300	647,170	116,870
Federal	30,000	9,940	(20,060)
Total Revenues	2,411,294	2,581,204	169,910
Expenditures			
General government	1,807,415	1,443,974	363,441
Public safety	1,320,577	1,002,787	317,790
Parks and recreation	103,042	78,296	24,746
Conservation	68,708		68,708
Capital outlay	1,148,000	42,003	1,105,997
Total Expenditures	4,447,742	2,567,060	1,880,682
Revenues Over/(Under) Expnditures		14,144	
Other Financing Sources - Transfers, net		295,301	
Revenues and Other Financing Sources/(Uses) Over/(Under) Expenditures		309,445	
Reconciling Items:			
Changes Affected By Accrued Revenues		695	
Changes Affected By Accrued Expenses		(10,480)	
Beginning Fund Balance		2,404,031	
Ending Fund Balance		$2,703,691	

The notes to the required supplementary information - Basis of Budgeting - are an integral part of this schedule

Custer County, Idaho
Road and Bridge Fund
Schedule Of Revenues, Expenditures And Changes In Fund Balance
Budget And Actual - Non-GAAP Cash Basis
Year Ended September 30, 2021

	Original/Final Budget	*Actual*	*Variance*
Revenues			
Local Sources:			
Charges for services	$0	$2,301	2,301
Fees and fines	0	3,705	3,705
Interest income	0	0	0
Sales of county property	0	9,128	
Other items	30,000	6,579	(23,421)
Intergovernmental:			
State	1,285,000	1,685,008	400,008
Federal	400,000	429,111	29,111
Total Revenues	1,715,000	2,135,832	411,704
Expenditures			
Streets and roads maintenance	2,257,450	1,280,216	977,234
Capital outlay	180,000	90,404	89,596
Principle retirement	149,474	149,474	0
Interest and other debt charges	50,526	32,911	17,615
Total Expenditures	2,637,450	1,553,005	1,084,445
Revenues over/(under) expnditures		582,827	
Other financing sources - transfers, net		0	
Revenues and other financing sources/(uses) Over/(Under) expenditures		582,827	
Reconciling items:			
Changes affected by accrued revenues		0	
Changes affected by accrued expenditures		(52,732)	
Beginning Fund Balance		1,547,857	
Ending Fund Balance		$2,077,952	

The notes to the required supplementary information - Basis of Budgeting - are an integral part of this schedule

Custer County, Idaho
Payments In Lieu Of Taxes (PILT)
Schedule Of Revenues, Expenditures And Changes In Fund Balance
Budget And Actual - Non-GAAP Cash Basis
Year Ended September 30, 2021

	Original/Final Budget	*Actual*	*Variance*
Revenues			
Interest income	$0	$49,614	$49,614
Net increase/(decrease) in fair value of investments		$163,756	
Intergovernmental:			
Local	0	0	0
State	700,000	833,860	133,860
Federal	204,901	223,747	18,846
Total Revenues	904,901	1,270,977	202,320
Expenditures			
General government	2,000,000	100,315	1,899,685
Conservation	0	7,600	(7,600)
Total Expenditures	2,000,000	107,915	1,892,085
Revenues over/(under) expenditures		1,163,062	
Other financing sources - transfers, net		(295,301)	
Revenues and other financing sources/(uses) Over/(Under) Expenditures		867,761	
Reconciling items:			
Changes affected by accrued revenues		0	
Changes affected by accrued expenditures		945	
Prior period decrease in FMV of investments		(184,144)	
Beginning Fund Balance		5,763,239	
Ending Fund Balance		$6,447,801	

The notes to the required supplementary information - Basis of Budgeting - are an integral part of this schedule

Basis of Budgetary Accounting

The County's legal budget is prepared using the cash basis records. Encumbrances are allowed for budgetary control purposes, but lapse at the close of the year. The Budget and Actual Schedules are prepared on the budgetary basis and include this variation from GAAP. The reconciliation at the bottom of the budget and actual schedules shows the difference between the basis of budgeting and GAAP.

Budgetary Information

The County budgets its revenues and expenditures, as is required by Idaho Code Section 31, Chapter 16. Following these guidelines, the County adopts annual appropriated budgets for General and Special Revenue and Enterprise funds. All appropriated budgets for Governmental Funds are adopted on a non-GAAP cash basis. The following is a summary of the budgetary process for the County:

Prior to the 3rd Monday in May, each elected official or department head submits to the Clerk's office a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures by department categorized by personal services and other charges and services (including capital outlay) and the means of financing them. The Clerk's office assures the budges are balanced. Budget hearings give the County departments an opportunity to present their proposed budget to the County Commissioners and the public at large.

On or before the first Monday in August, the proposed budget is submitted to the County Commissioners for review and tentative approval. When the tentative budget has been approved it must be published in the newspaper. Public budget hearings are conducted by the County to obtain taxpayer comment, and upon conclusion of the hearing, the County Commissioners legally adopt the budget by a resolution in the official minutes of the board.

The budget in no event shall be greater than the amount of the advertised tentative budget. Per Idaho Code Section 31, the actual expenditures for the ensuing fiscal year shall not exceed the appropriations legally adopted by the Commissioners. The County's policy is that amounts may not be transferred between personal service and other charges and services (including capital outlay) and amounts may not be transferred between departments or funds.

The County may increase the total appropriation budget during the year as grants are subsequently awarded by federal or state agencies, for donations to various departments, and for receipt of unscheduled and/or unanticipated revenue, provided there is no increase in anticipated property taxes. The appropriation budget may only be increased by the amount of actual revenues received. Such budget revisions must be advertised, discussed in a public hearing and adopted by a resolution from the Board of County commissioners. The budget was not amended during the year.

Budgetary Information - *Continued*

The level of budgetary control (level at which expenditures may not legally exceed the appropriations) is established by the personal service and other charges and services (including capital outlay) within the department and fund.

The County employs budgetary integration as a management control device during the year for all Governmental and Proprietary funds. All appropriations, other than those for improvements not yet completed, lapse at the end of the fiscal year and become null and void. However, appropriation accounts may remain open until the first Monday in November for the payment of claims incurred prior to the close of the fiscal year. Lawful claims presented thereafter against any subsequent appropriation will be provided for in the ensuing budget.

Custer County, Idaho

Schedule of Employer's Share of Net Pension Liability

PERSI Base Plan

Last 10 - Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015
County's portion of the net pension liability	.000439750	.000473720	.000478693	.000467658	.000514384	.000499127	.000495821
County's proportionate share of the net pension liability	($34,730)	$1,100,040	$546,415	$734,054	$808,523	$1,011,807	$652,916
County's covered-employee payroll	$1,902,692	$1,642,989	$1,594,428	$1,594,773	$1,604,676	$1,500,631	$1,378,011
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-1.83%	66.95%	34.27%	46.03%	50.38%	67.43%	60.57%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	87.26%	91.38%	94.95%

Data reported is measured as of June 30th (measurement date).

* GASB 68 requires ten years of information to be presented in this table However, until a 10-year trend is compiled, only those years for which information is available wil be presented.

Custer County, Idaho

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$197,727	$197,186	$183,722	$181,217	$180,853	$171,020	$157,055
Contributions in relation to the statutorily required contribution	$197,727	$197,186	$183,722	$181,217	$180,853	$171,020	$157,055
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
County's covered-employee payroll	$1,902,692	$1,642,989	$1,594,428	$1,594,773	$1,604,676	$1,500,631	$1,378,011
Contributions as a percentage of covered-employee payroll	10.40%	12.00%	11.52%	11.36%	11.27%	11.39%	11.39%

Data reported is measured as of September 30

* GASB 68 requires ten years of information to be presented in this table However, until a 10-year trend is compiled, only those years for which information is available wil be presented.

Supplementary Information

Custer County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021

	Battleground Mosquito	Election	District Court	County Fair	Health District	Indigent And Charity
Assets						
Cash and equivalents	$38,151	$340,638	$182,242	$2,511	$10,698	$176,533
Taxes receivable, net	227		245	213	393	543
Due from other governments						
Total Assets	$38,378	$340,638	$182,487	$2,724	$11,091	$177,076
Liabilities						
Warrants payable	750	660	6,611			13,596
Total Liabilities	750	660	6,611	0	0	13,596
Deferred Inflows of Resources						
Unavailable tax resources	227		234	185	343	475
Total Deferred Inflows of Resources	227	0	234	185	343	475
Fund Balances						
Restricted for:						
Special Programs	37,401	339,978	175,642	2,539	10,748	163,005
Total fund balances	37,401	339,978	175,642	2,539	10,748	163,005
Total Liabilities, Deferred Inflows, and Fund Balances	$38,378	$340,638	$182,487	$2,724	$11,091	$177,076

Junior College	Revaluation	Tort	Weed Control	Waterways	American Rescue Plan	South Custer Ambulance	Total All Funds
$65,104	$60,620	$15,734	$115,273	$9,256	$419,069	$380,461	$1,816,290
	1,662	461	1,226			1,837	6,807
0							0
$65,104	$62,282	$16,195	$116,499	$9,256	$419,069	$382,298	$1,823,097
	10,595		15,688	365		1,963	50,228
0	10,595	0	15,688	365	0	1,963	50,228
	1,437	407	1,080			1,637	6,025
0	1,437	407	1,080	0	0	1,637	6,025
65,104	50,250	15,788	99,731	8,891	419,069	378,698	1,766,844
65,104	50,250	15,788	99,731	8,891	419,069	378,698	1,766,844
$65,104	$62,282	$16,195	$116,499	$9,256	$419,069	$382,298	$1,823,097

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance - Nonmajor Governmental Funds
For The Year Ended September 30, 2021

	Battleground Mosquito	Election	District Court	County Fair	Health District	Indigent And Charity
Revenues						
Local Sources:						
Property taxes	$19,822	$0	$5,831	$16,632	$30,236	$40,360
Charges for services						37,004
Fees and fines			44,430			
Other items			9,854			
Intergovernmental:						
Local	115					
State	2,118	71,394	32,690	67	156	221
Federal						
Total Revenues	22,055	71,394	92,805	16,699	30,392	77,585
Expenditures						
General government		22,197				
Public safety						
Public health	15,578				28,807	54,715
Parks, recreation, public property				16,500		
Education						
Conservation						
Judicial services			90,574			
Capital outlay		17,527	1,095			190
Total Expenditures	15,578	39,724	91,669	16,500	28,807	54,905
Excess/(Deficiency) of revenues over expenditures	6,477	31,670	1,136	199	1,585	22,680
Other Financing Sources/(Uses)						
Transferrs in, see Note II(C)						
Transferrs out, see Note II(C)						
Net Change In Fund Balance	6,477	31,670	1,136	199	1,585	22,680
Fund Balance - beginning of the year	30,924	308,308	174,506	2,340	9,163	140,325
Fund Balance - end of the year	$37,401	$339,978	$175,642	$2,539	$10,748	$163,005

Junior College	Revaluation	Tort	Weed Control	Waterways	American Rescue Plan	South Custer Ambulance	Total All Funds
$0	$134,960	$31,750	$86,008	$0		$48,832	$414,431
			32,111			4,777	73,892
				22,835			67,265
							9,854
			63	300		2,384	2,862
11,000	627	156	67	7,381		6,885	132,762
					419,069		419,069
11,000	135,587	31,906	118,249	30,516	419,069	62,878	1,120,135
	115,469						137,666
				21,650		28,885	50,535
							99,100
							16,500
4,300							4,300
			127,016				127,016
		46,178					136,752
							18,812
4,300	115,469	46,178	127,016	21,650	0	28,885	590,681
6,700	20,118	(14,272)	(8,767)	8,866	419,069	33,993	529,454
							0
							0
6,700	20,118	(14,272)	(8,767)	8,866	419,069	33,993	529,454
58,404	30,132	30,060	108,498	25	0	344,705	1,237,390
$65,104	$50,250	$15,788	$99,731	$8,891	$419,069	$378,698	$1,766,844

Custer County, Idaho
Combining Statement of Fiduciary Net Position
September 30, 2021

	Rodeo Grounds	State Remittance	Cities	School Districts	Lost River Highway	Cemetary Districts	Fire Districts	Library Districts	Hospital Districts
Assets									
Cash And Equivalents	$13,195	$0	$0	$0	$0	$187	$1,592	$691	$1,826
Taxes receivable		543	14,770	10,851	3,912	1,547	4,590	2,078	14,360
Total Assets	$13,195	$543	$14,770	$10,851	$3,912	$1,734	$6,182	$2,769	$16,186
Liabilities									
Warrants payable	102					187	1592	691	1,826
Due Other Agencies and Units of Government	13,093	543	14,770	10,851	3,912	1,547	4,590	2,078	14,360
Total Liabilities	$13,195	$543	$14,770	$10,851	$3,912	$1,734	$6,182	$2,769	$16,186

Mackay Mosquito Abatement	Auditor Holding	Central Idaho Transport	Court Holding	Court Interlock	RAC	Drug Holding	*Total*
$225	$39,390	$32,979	$58,496	$2,142	$2,677	$6,220	$159,620
(745)							51,906
($520)	$39,390	$32,979	$58,496	$2,142	$2,677	$6,220	$211,526
225	46,470		25,338				76,431
(745)	(7,080)	32,979	33,158	2,142	2,677	6,220	135,095
($520)	$39,390	$32,979	$58,496	$2,142	$2,677	$6,220	$211,526

Other Reports

Gary Merkle, PLLC
CERTIFIED PUBLIC ACCOUNTANT
2627 W. IDAHO STREET BOISE, IDAHO 83702 (208) 375-4573 PHONE
(208) 375-2613 FAX



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*

Board of Commissioners
Custer County, Idaho
Challis, Idaho 83226

I 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, business-type activities, each major fund and the aggregate remaining fund information of Custer County, Idaho (the County), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued my report thereon dated January 04, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the County's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, I do not express an opinion on the effectiveness of the County'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not

been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 County's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Gary Merkle, CPA

Boise, Idaho
January 04, 2022