GEM COUNTY, IDAHO

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2021

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Independent Auditor's Report

Board of Commissioners
Gem County, Idaho
Emmett, Idaho

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gem County, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Gem County, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gem County, 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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Gem County, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Gem County, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Gem County, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Gem County, Idaho'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[2]

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of County's Proportionate Share of Net Pension Liability, Schedule of County Contributions, and Schedule of Changes in Net OPEB Liability and Related Ratios are presented on pages 42 to 47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gem County, Idaho's basic financial statements. The schedules of revenues by source, expenditures by object, the combining nonmajor fund financial statements *and* schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 our opinion, the schedules of revenues by source, expenditures by object, the combining nonmajor fund financial statements and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2022 on our consideration of Gem County, 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 solely 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 the effectiveness of Gem County, Idaho's 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 Gem County, Idaho's internal control over financial reporting and compliance.

Zwygart John and Associates, PLLC

Nampa, Idaho
March 16, 2022

Gem County, Idaho
Statement of Net Position
September 30, 2021

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and Investments	$ 15,109,978	$ 805,033	$ 15,915,011	$ 40,336
Receivables, Net:				
Taxes and Special Fees	190,302	2	190,304	-
Interest	7,595	-	7,595	-
Accounts	42,267	80,848	123,115	-
Inventory	29,763	-	29,763	-
Due From Other Governments	457,609	-	457,609	-
Net Pension Asset	103,856	-	103,856	-
Capital Assets:				
Land and Construction in Progress	3,864,753	-	3,864,753	-
Depreciable Buildings, Property, and Equipment, Net	5,062,426	231,303	5,293,729	99,260
Total Capital Assets	8,927,179	231,303	9,158,482	99,260
Total Assets	24,868,549	1,117,186	25,985,735	139,596
Deferred Outflows				
Pension Related Items	1,492,965	-	1,492,965	-
OPEB Related Items	10,878	-	10,878	-
Total Deferred Outflows	1,503,843	-	1,503,843	-
Liabilities				
Accounts Payable and Other Current Liabilities	585,112	36,342	621,454	5,702
Salaries and Benefits Payable	476,198	-	476,198	-
Accrued Interest	10,299	-	10,299	-
Long-Term Liabilities:				
Due Within One Year:				
Compensated Absences	193,970	-	193,970	-
Lease	136,057	-	136,057	-
Due in More Than One Year:				
Other Post-Employment Benefits	266,096	-	266,096	-
Municipal Leases	286,195	-	286,195	-
Total Liabilities	1,953,927	36,342	1,990,269	5,702
Deferred Inflows				
Pension Related Items	3,322,412	-	3,322,412	-
Total Deferred Inflows	3,322,412	-	3,322,412	-
Net Position				
Invested in Capital Assets, Net of Related Debt	8,640,984	231,303	8,872,287	99,260
Restricted	8,944,436	-	8,944,436	-
Unrestricted (Deficit) Surplus	3,510,633	849,541	4,360,174	34,634
Total Net Position	$ 21,096,053	$ 1,080,844	$ 22,176,897	$ 133,894

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

Gem County, Idaho
Statement of Activities
For the Year Ended September 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total Primary Government	Component Units
Primary Government:								
Governmental Activities:								
General Government	$ 3,044,632	$ 1,079,359	$ 1,989,179	$ -	$ 23,906	$ -	$ 23,906	
Public Protection	3,422,701	387,603	19,137	-	(3,015,961)	-	(3,015,961)	
Public Assistance	345,014	22,254	50,984	-	(271,776)	-	(271,776)	
Health and Sanitation	1,431,908	176,400	-	-	(1,255,508)	-	(1,255,508)	
Public Ways and Facilities	3,028,515	61,636	187,576	-	(2,779,303)	-	(2,779,303)	
Culture and Recreation	467,547	6,792	20,000	-	(440,755)	-	(440,755)	
Total Governmental Activities	11,740,317	1,734,044	2,266,876	-	(7,739,397)	-	(7,739,397)	
Business-type Activities:								
Ambulance Service	1,079,500	816,911	-	-	-	(262,589)	(262,589)	
Total Business-type Activities	1,079,500	816,911	-	-	-	(262,589)	(262,589)	
Total Primary Government	$ 12,819,817	$ 2,550,955	$ 2,266,876	$ -	(7,739,397)	(262,589)	(8,001,986)	
Component Units:								
Fair Board	$ 333,630	$ 163,473	$ -	$ -				$ (170,157)
Total Component Units	$ 333,630	$ 163,473	$ -	$ -				(170,157)
		General Revenues:						
		Property Taxes			6,392,923	-	6,392,923	-
		Intergovernmental			5,089,356	-	5,089,356	96,000
		Other			645,787	304,430	950,217	58,780
		Unrestricted Investment Earnings			49,646	-	49,646	54
		Disposal of Assets			640	-	640	-
		Total General Revenues and Special Items			12,178,352	304,430	12,482,782	154,834
		Unrealized Gain (Loss) on Investments			(35,620)	-	(35,620)	-
		Change in Net Position			4,403,335	41,841	4,445,176	(15,323)
		Net Assets, Beginning			15,174,123	1,039,003	16,213,126	149,217
		Prior Period Adjustment			1,518,595	-	1,518,595	-
		Net Assets, Beginning			16,692,718	1,039,003	17,731,721	149,217
		Net Assets, Ending			$ 21,096,053	$ 1,080,844	$ 22,176,897	$ 133,894

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

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

	General	Road and Bridge	Justice
Assets			
Cash and Investments	$ 5,395,266	$ 2,610,900	$ 2,154,352
Receivables, Net:			
Taxes and Special Fees	41,093	12,759	56,919
Interest	7,595	-	-
Inventory	-	-	-
Due From Other Governments	241,403	-	216,206
Total Assets	$ 5,685,357	$ 2,623,659	$ 2,427,477
Liabilities			
Warrants and Accounts Payable	$ 113,085	$ 267,506	$ 34,726
Salaries and Benefits Payable	105,765	59,942	206,672
Total Liabilities	218,850	327,448	241,398
Deferred Inflows			
Unearned Revenue - Property Taxes and Special Fees	35,477	11,067	49,108
Total Deferred Inflows	35,477	11,067	49,108
Fund Balances			
Restricted	-	2,285,144	2,136,971
Unassigned	5,431,030	-	-
Total Fund Balances	5,431,030	2,285,144	2,136,971
Total Liabilities, Deferred Inflows, and Fund Balances	$ 5,685,357	$ 2,623,659	$ 2,427,477

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

Gem County, Idaho
Balance Sheet -
Governmental Funds
September 30, 2021
(continued)

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and Investments	$ 4,712,778	$ 14,873,296
Receivables, Net:		
Taxes and Special Fees	79,531	190,302
Interest	-	7,595
Accounts	42,267	42,267
Inventory	29,763	29,763
Due From Other Governments	-	457,609
Total Assets	$ 4,864,339	$ 15,600,832
Liabilities		
Warrants and Accounts Payable	$ 169,795	$ 585,112
Salaries and Benefits Payable	103,318	475,697
Total Liabilities	273,113	1,060,809
Deferred Inflows		
Unearned Revenue - Property Taxes and Special Fees	68,905	164,557
Total Deferred Inflows	68,905	164,557
Fund Balances:		
Restricted	4,522,321	8,944,436
Unassigned	-	5,431,030
Total Fund Balances	4,522,321	14,375,466
Total Liabilities and Fund Balances	$ 4,864,339	$ 15,600,832

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

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

Total Fund Balances - Governmental Funds		$ 14,375,466
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. Those assets consist		
Land	$ 3,864,753	
Depreciable Buildings, Property, and Equipment, net of $7,341,074 accumulated depreciation	5,062,426	
		8,927,179
Property taxes and special fees receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.		164,557
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the Statement of Net Position.		
Accrued Interest	$ (10,299)	
Leases Payable	(136,057)	
Municipal Leases Payable	(286,195)	
Compensated Absences	(193,970)	
Other Post-Employment Benefits	(266,096)	
OPEB Related Deferred Outflows	10,878	
		(881,739)
Internal service funds are used by management to charge medical costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. Internal service fund net position is:		236,181
The County participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ 103,856	
Pension Related Deferred Inflows	(3,322,412)	
Pension Related Deferred Outflows	1,492,965	
		(1,725,591)
Net Position of Governmental Activities		$ 21,096,053

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

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

	General	Road and Bridge	Justice
Revenues			
Property Taxes	$ 1,409,486	$ 417,645	$ 1,907,859
Intergovernmental	1,125,284	2,445,283	893,051
Charges for Services	912,166	16,295	387,743
Grants and Contributions	1,953,707	174,518	19,137
Interest Income	49,646	-	-
Other Revenue	50,180	1,184	94,197
Total Revenues	5,500,469	3,054,925	3,301,987
Expenditures			
Current:			
General Government	2,392,887	(32,651)	-
Public Protection	49,048	-	3,153,202
Public Assistance	44,483	-	-
Health and Sanitation	-	-	-
Public Ways and Facilities	188,128	1,509,223	-
Culture and Recreation	119,455	-	-
Capital Outlay	84,691	1,031,499	202,012
Total Expenditures	2,878,692	2,508,071	3,355,214
Excess (Deficiency) of Revenues Over Expenditures	2,621,777	546,854	(53,227)
Other Financing Sources (Uses)			
Debt Proceeds	-	-	136,781
Sale of Assets	-	640	-
Unrealized Gain (Loss) on Investments	(35,620)	-	-
Total Other Financing Sources (Uses)	(35,620)	640	136,781
Net Change in Fund Balances	2,586,157	547,494	83,554
Fund Balances, Beginning - Previous	2,645,101	1,737,650	2,053,417
Prior Period Adjustment	199,772	-	-
Fund Balances, Beginning	2,844,873	1,737,650	2,053,417
Fund Balances, Ending	$ 5,431,030	$ 2,285,144	$ 2,136,971

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

Gem County, Idaho
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021
(continued)

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	$ 2,663,076	$ 6,398,066
Intergovernmental	625,738	5,089,356
Charges for Services	417,840	1,734,044
Grants and Contributions	119,514	2,266,876
Interest Income	-	49,646
Other Revenue	380,344	525,905
Total Revenues	4,206,512	16,063,893
Expenditures		
Current:		
General Government	539,452	2,899,688
Public Protection	115,796	3,318,046
Public Assistance	311,377	355,860
Health and Sanitation	1,320,909	1,320,909
Public Ways and Facilities	566,337	2,263,688
Culture and Recreation	57,885	177,340
Capital Outlay	751,270	2,069,472
Total Expenditures	3,663,026	12,405,003
Excess (Deficiency) of Revenues Over Expenditures	543,486	3,658,890
Other Financing Sources (Uses)		
Debt Proceeds	-	136,781
Sale of Assets	-	640
Unrealized Gain (Loss) on Investments	-	(35,620)
Total Other Financing Sources (Uses)	-	101,801
Net Change in Fund Balances	543,486	3,760,691
Fund Balances, Beginning - Previous	2,764,197	9,200,365
Prior Period Adjustment	1,214,638	1,414,410
Fund Balances, Beginning	3,978,835	10,614,775
Fund Balances, Ending	$ 4,522,321	$ 14,375,466

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

Gem County, 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		$ 3,760,691
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. The cost and related accumulated depreciation, when capital assets are disposed are also not reported in the governmental funds. In the current period these amounts are:		
Capital Outlay	$ 604,318	
Depreciation Expense	(547,542)	
Net		56,776
Because some property taxes will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.		(5,143)
The net revenue of certain activities of internal service funds is reported with governmental activities.		16,078
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. However, neither transaction has any effect on net assets.		
Proceeds from Debt	$ (136,781)	
Bond and Municipal Lease Principal Payments	53,444	
		(83,337)
Compensated absences and other post-employment benefits 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 and other post-employment benefits.		2,052
The County participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities.		656,218
Change in Net Position of Governmental Activities		$ 4,403,335

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

Gem County, Idaho
Statement of Net Position - Proprietary Funds
September 30, 2021

	Enterprise Funds	Governmental Activities
	Ambulance Service	Internal Services
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 805,033	$ 236,682
Receivables, Net:		
Taxes	2	-
Accounts	80,848	-
Total Current Assets	885,883	236,682
Noncurrent Assets:		
Property and Equipment, Net	231,303	-
Total Noncurrent Assets	231,303	-
Total Assets	1,117,186	236,682
Liabilities		
Current Liabilities:		
Warrants Payable	36,342	-
Salaries and Benefits Payable	-	501
Total Liabilities	36,342	501
Net Position		
Invested in Capital Assets Net of Related Debt	231,303	-
Unrestricted	849,541	236,181
Total Net Position	$ 1,080,844	$ 236,181

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

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

	Enterprise Funds	Governmental Activities
	Ambulance Service	Internal Services
Operating Revenues		
Charges for Services	$ 816,911	$ -
Miscellaneous	304,430	119,882
Total Operating Revenues	1,121,341	119,882
Operating Expenses		
Contract Work	1,025,063	-
Employee Benefits	-	103,804
Depreciation	54,437	-
Total Operating Expenses	1,079,500	103,804
Change in Net Position	41,841	16,078
Net Position - Beginning	1,039,003	220,103
Net Position - Ending	$ 1,080,844	$ 236,181

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

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

	Enterprise Funds	Governmental Activities
	Ambulance Service	Internal Services
Cash Flows From Operating Activities		
Receipts from Customers	$ 803,824	$ -
Other Receipts	304,430	119,882
Payments to Suppliers	(1,037,911)	-
Payments to Employees	-	(103,835)
Net Cash Provided (Used) by Operating Activities	70,343	16,047
Cash Flows From Noncapital Financing Activities	-	-
Cash Flows From Capital and Related Financing Activities	-	-
Cash Flows From Investing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	70,343	16,047
Cash and Cash Equivalents - Beginning of Year	734,690	220,635
Cash and Cash Equivalents - End of Year	$ 805,033	$ 236,682
Displayed As:		
Cash and Cash Equivalents	$ 805,033	$ 236,682

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

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

	Enterprise Funds	Governmental Activities
	Ambulance Service	Internal Services
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ 41,841	$ 16,078
Adjustment to Reconcile Operating Income (Loss) to Net Income Provided (Used) by Operating Activities:		
Depreciation	54,437	-
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(13,087)	-
Increase (Decrease) in Warrants Payable	(12,848)	-
Increase (Decrease) in Salaries and Benefits Payable	-	(31)
Net Cash Provided (Used) by Operating Activities	$ 70,343	$ 16,047

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

Gem County, Idaho
Statement of Fiduciary Net Position
September 30, 2021

	Custodial Funds
Assets	
Cash and Cash Equivalents	$ 449,899
Receivables, Net:	
Taxes	164,767
Total Assets	614,666
Liabilities	
Warrants and Accounts Payable	124,756
Total Liabilities	124,756
Net Position	
Restricted for:	
Individuals, Organizations, or Other Governments	489,910
Total Net Position	$ 489,910

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

Gem County, Idaho
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2021

	Custodial Funds
Additions:	
Fees collected for other governments	$ 6,628,091
Property taxes collected for other governments	5,377,893
Total Additions	12,005,984
Deductions:	
Fees distributed to other governments	6,425,762
Taxes distributed to other governments	5,378,953
Total Deductions	11,804,715
Change in Net Position	201,269
Net Position - Beginning	288,641
Net Position - Ending	$ 489,910

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Gem County, Idaho (the County) operates under the direction of a Board of Commissioners who are responsible for the various operations of the County. The accompanying basic financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units.

Discretely Presented Component Units

To define the County for financial reporting purposes, it was necessary to consider all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic - but not the only - criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility including, but not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in or exclusion from the reporting entity is the existence of a financial benefit or burden relationship. Based on the foregoing criteria, the following entities are presented below:

- Gem County Fair Board was created for the purpose of conducting fair activities within the County. The Fair Board is governed by a board appointed by the County Commissioners. Financial statements may be obtained from Gem County Fair Board Clerk.

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 overall County, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

generally, are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County'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 County related to the administration and support of the County's programs, such as personnel and accounting - are not allocated to programs.
- 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 County's funds, including fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, use, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The County reports the following major governmental funds:

- *General fund*. This is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.
- *Road and Bridge fund*. This fund accounts for repairs and maintenance of roads and bridges and construction of new roads and bridges.
- *Justice fund*. Accounts for law enforcement services, the collection of permits and licensing fees, and expenditures dedicated to justice services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. Revenues and expenses that arise from capital and non-capital financing activities and from investing activities are presented as non-operating revenues or expenses.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County reports the following enterprise funds:

- *Ambulance Service fund*. This fund accounts for ambulance charges and the related expenses.

Internal Service Funds

Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost - reimbursement basis. The County reports the following internal service fund:

- *Insurance Pool fund.* This fund accounts for the employee self-insurance program for medical benefits.

The County reports the following fiduciary fund types:

- *Custodial funds.* These funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The government-wide, proprietary, and fiduciary 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 County 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 County 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 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 District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose.

The remaining fund balance classifications (nonspendable, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the County's highest level of decision-making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets/fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the County's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

The purpose of the special revenue funds that are restricted are as follows:

Fund	Purpose
Road and Bridge	Revenues in this fund come from levied property taxes, federal forest funds, other intergovernmental revenue and grants that are to be used for maintaining and improving roads and bridges within the County.
Justice	Revenues in this fund come from levied property taxes, intergovernmental revenues, grants, charges for services, and other revenue that are to be used for running the County's justice system.
Nonmajor Special Revenue Funds	Revenues in these funds come from levied property taxes, intergovernmental revenue, grants, charges for services, and other revenues that are to be used for items ranging from public assistance and safety, health and welfare, sanitation, maintenance and improvement of public ways and facilities, culture and recreation, and other governmental type activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets and Liabilities

Cash Equivalents

The County requires all cash belonging to the County 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 pooled for investment purposes and each fund has equity in the pooled amount. All amounts included in the pooled cash and investment accounts are considered to be cash and cash equivalents. See Note 2.

Receivables

All receivables are shown net of an allowance for uncollectible accounts, as applicable.

Inventories

Inventory on government-wide and fund financial statements are stated at cost and are expensed when used.

Property Taxes

In accordance with Idaho law, ad-valorem property taxes are levied in September for each calendar year. Taxes are recorded by the County using the modified accrual basis of accounting. Levies are made on or before the 2nd Monday of September.

One-half of property taxes are due on or before the 20th of December. The remaining one-half is due on or before June 20th of the following year. A lien is filed on property three years from the date of delinquency.

The property tax calendar is as follows:

Date property is valued	Second Monday of July
Date tax is levied	Second Monday of September
Date taxes are billed	November 20
Date taxes are collected	One half on December 20 and half on the following June 20
Date taxes becomes delinquent	First day of January of the succeeding year

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:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$5,000	Straight-Line	15 – 70 Years
Equipment	$5,000	Straight-Line	5 – 35 Years

The County (a phase three government) has elected not to report major general infrastructure assets retroactively. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. Since October 1, 2003, the County has acquired no new infrastructure assets.

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

Compensated Absences

The total portion of the unpaid personal leave is budgeted in the next year's budget. Personal leave compensation is calculated on an individual basis according to an employee's total years worked and total hours worked per week.

Warrants and Accounts Payable

Warrants and accounts payable represent debt obligations that will be paid within the next billing cycle. Amounts shown are not over sixty days past due.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Post-Employment Benefits

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Other Post-Employment Benefit Plan (the County's OPEB Plan) and additions to/deductions from the County's OPEB Plan fiduciary net position have been determined on the same basis as they are reported by the County's OPEB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Principals

The County adopted GASB 84, Fiduciary Activities, during the year. This has caused certain funds tat were reported as fiduciary funds in prior years to be reported as governmental funds. See Footnote 15 for details on how this has changed opening fund balance and net position.

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 County's deposits was $3,906,653 and the respective bank balances totaled $3,773,576. All of the bank balances were insured or collateralized with pooled securities held by the pledging institution in the name of the County.

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, all of the County's deposits were covered by the federal depository insurance or by collateral held by the County's agent or pledging financial institution's trust department or agent in the name of the County, and thus were not exposed to custodial credit risk. The County's policy is to fully collateralize any deposits in excess of insurance limits with government and/or agency securities held by the pledging financial institution. The County also had $1,100 of cash on hand.

2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The County's policy is to invest in instruments authorized by Idaho Code and that have a credit rating of A or better. Where possible, the County also intends for its investments to be diversified to avoid a concentration of assets. No more than 50% of total funds shall be invested in any one institution.

Interest Rate Risk

The County's policy to help manage its exposure to fair value losses from increasing interest rates includes staggering maturities and selecting investments with stable income and reasonable liquidity.

Investments

The County voluntarily participates in the State of Idaho Investment Pool which has not been rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the County's investment in the pool is the same as the value of the pool shares.

The County follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code authorizes the County to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

The County's investments at September 30, 2021, are summarized below:

			Investment Maturities (in Years)			
Investment Type	Rating	Fair Value	Less Than 1	1-5	6-10	11-15
External Investment Pool	Not Rated	$ 9,241,797	$ 9,241,797	$ -	$ -	$ -
Money Market	Not Rated	9,120	9,120	-	-	-
Certificates of Deposit	Not Rated	725,551	-	725,551	-	-
U.S. Government Bonds	AAA	2,480,687	-	1,986,030	494,657	-
		$12,457,155	$ 9,250,917	$ 2,711,581	$ 494,657	$ -

2. CASH AND INVESTMENTS (continued)

At year-end, the cash and investments reported in the basic financial statements are made up of the following categories:

	Governmental Activities	Business-type Activities	Total	Fiduciary Funds
Cash and cash equivalents	$ 2,416,141	$ 1,041,715	$ 3,457,856	$ 449,899
Investments categorized as cash	9,250,917	-	9,250,917	-
Noncurrent Investments	3,206,238	-	3,206,238	-
	$ 14,873,296	$ 1,041,715	$ 15,915,011	$ 449,899

The following accounts are not recorded on the County's books:

	Book Balance	Bank Balance
Jail Commissary	$ 10,333	$ 10,333
Inmate Trust	7,872	7,970
Tax Anticipation Trust	132,051	132,052
Gem County Tax Collector	-	50,225
Sheriff Civil Department	4,043	6,553
	$154,299	$207,133

3. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments (State of Idaho) consist of sales tax of $241,403.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at:

	Enterprise
Ambulance Service Receivables	$ 111,564
Allowance for Doubtful Accounts	(30,716)
	$ 80,848

5. CAPITAL ASSETS

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

	Balance 9/30/2020	Additions	Disposals	Balance 9/30/2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 3,864,753	$ -	$ -	$ 3,864,753
Capital Assets Being Depreciated:				
Buildings	4,699,389	-	-	4,699,389
Equipment	7,091,135	612,976	-	7,704,111
Total Historical Cost	11,790,524	612,976	-	12,403,500
Less: Accumulated Depreciation				
Buildings and Improvements	2,467,962	112,272	-	2,580,234
Equipment	4,325,570	435,270	-	4,760,840
Total Acc. Depr.	6,793,532	547,542	-	7,341,074
Net Depreciable Assets	4,996,992	65,434	-	5,062,426
Governmental Activities Capital Assets - Net	$ 8,861,745	$ 65,434	$ -	$ 8,927,179
Business-type Activities:				
Capital Assets Being Depreciated:				
Buildings	$ 157,593	$ -	$ -	$ 157,593
Equipment	771,387	-	-	771,387
Total Historical Cost	928,980	-	-	928,980
Less: Accumulated Depreciation				
Buildings	63,315	3,941	-	67,256
Equipment	579,926	50,496	-	630,422
Total Acc. Depr.	643,241	54,437	-	697,678
Net Depreciable Assets	285,739	(54,437)	-	231,302
Business-type Activities - Net	$ 285,739	$ (54,437)	$ -	$ 231,302

5. CAPITAL ASSETS (continued)

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

Governmental Activities:	
General Government	$ 69,059
Public Protection	159,696
Health and Sanitation	114,060
Public Ways and Facilities	193,280
Culture and Recreation	11,447
	$ 547,542
Business-type Activities:	
Ambulance Services	$ 54,437

6. COMPENSATED ABSENCES

The County has established a formal method of recording accumulated unpaid vacation or sick pay as required by generally accepted accounting principles for the government-wide financial statements and proprietary funds in the fund financial statements. The cost of vacation and sick leave is recognized when payments are made to employees in the governmental funds on the fund financial statements.

	9/30/2020	Earned	Used	9/30/2021	Current
Governmental Activities	$ 196,022	$ 274,711	$ (276,763)	$ 193,970	$ 193,970

7. PENSION PLAN

Plan Description

Gem County, 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.

7. PENSION PLAN (continued)

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.

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% for general employees and 12.28% for police and firefighters. Gem County, Idaho's contributions were $583,588 the year ended September 30, 2021.

7. PENSION PLAN (continued)

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

At September 30, 2021, Gem County reported a liability (asset) for its proportionate share of the net pension liability (asset.) The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Gem County, Idaho's proportion of the net pension liability (asset) was based on Gem County, 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 Gem County, Idaho's proportion was 0.1315003 percent.

For the year ended September 30, 2021, Gem County, Idaho recognized pension expense/(revenue) of ($69,736). At September 30, 2021, Gem County, 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	$ 153,018	$ 60,368
Changes in assumptions or other inputs	1,192,135	-
Net difference between projected and actual earnings on pension plan investments	-	3,262,044
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions.	1,831	-
Gem County, Idaho's contributions subsequent to the measurement date	145,981	-
Total	$1,492,965	$ 3,322,412

$145,981 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 years and 4.6 for the measurement period June 30, 2021.

7. PENSION PLAN (continued)

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	$ (317,305)
2023	(419,166)
2024	(366,303)
2025	(726,673)

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 – Male 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%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

7. PENSION PLAN (continued)

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.

Asset Class		Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	Barclays Aggregate	30.00%	1.80%	-0.20%
Broad US Equities	Wilshire 5000/Russell 3000	55.00%	8.00%	6.00%
Developed Foreign Equities	MSCI EAFE/World ex US	15.00%	8.25%	6.25%
Assumed Inflation - Mean			2.00%	2.00%
Assumed Inflation - Standard Deviation			1.50%	1.50%
Portfolio Arithmetic Mean Return			6.18%	4.18%
Portfolio Standard Deviation			12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return			5.55%	3.46%
Assumed Investment Expenses			0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses			5.15%	3.06%

7. PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 3,610,263	$ (103,856)	$ (3,148,394)

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.

8. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The County's Other Post-Employment Benefit Plan (the County's OPEB Plan) is a single-employer defined benefit healthcare plan administered by GemPlan. The County's OPEB plan does not include the PERSI pension benefits otherwise discussed in these financial statements and does not issue a publicly available financial report.

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Benefits Provided

GemPlan, as administrator of the County's OPEB Plan, contracts with Blue Cross/Blue Shield of Idaho to provide health insurance benefits to eligible retirees and their eligible dependents. A retiree who retires while participating in the Public Employee Retirement System of Idaho (PERSI) is eligible to keep the County's health insurance until age 65 or until the retiree is eligible for coverage under Medicare. Eligibility for the County's OPEB Plan is further determined by employees having obtained a minimum age of 55 with at least 20 years of service with the County for general employees and obtaining a minimum 5 years of service with the County for elected officials. Retirees are on the same medical plan as the County's active employees.

Contributions and Implicit Rate Subsidy

OPEB benefits have historically been funded on a pay-as-you-go basis. Under government accounting standards, plan sponsors may set up a trust and pre-fund the benefits. There is no requirement to pre-fund benefits under government accounting standards. However, if benefits are not pre-funded, OPEB liabilities are created and will grow over time. The County has not pre-funded these benefits.

Government accounting standards require employers recognize the implicit rate subsidy that exists in most post-employment benefit plans. The implicit rate subsidy refers to the concept that retirees under the age of 65 (those not Medicare eligible) generate higher claims on average than active participants.

When a medical plan is self-insured through a third-party administrator or fully insured, a premium is usually determined by analyzing the claims of the entire population in that plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower. Therefore, the retirees' premiums are being subsidized by the active group. The difference between the expected claims for the retiree group and the blended premium is called the implicit rate subsidy. Accordingly, the County's implicit subsidy contributions were $10,878 for the year ended September 30, 2021.

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability of the County

The components of the net OPEB liability of the County at yearend were as follows:

Total OPEB Liability	$ 287,785
OPEB Plan Fiduciary Net Position	-
Net OPEB obligation - end of year	$ 287,785
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0%

OPEB Revenue (Expense) and Deferred Outflows of Resources to OPEB

For the year ended September 30, 2021, the County recognized OPEB revenue (expense) of $2,894. At September 30, 2021, the County reported deferred outflows of resources related to OPEB from the following sources

	Deferred Outflows of Resources
County Implicit subsidy contributions subsequent to the measurement date	$ 10,878

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2017 which was also the measurement date. The following actuarial assumptions applied to all periods included in the measurement:

Actuarial cost method	Entry age, level percentage of pay
Inflation	2.50%
Salary increases	3.00%
Medical trend rate	6.50% as of October 1, 2017 grading to 5.00% over 6 years
Mortality	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. Since the County's OPEB plan is not pre-funded, the discount rate is equal to the 20-Year Municipal Bond Yield of 3.50%.

8. OTHER POST-EMPLOYMENT BENEFITS (continued)

Changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning of Year	$ 266,096	$ -	$ 266,096
Changes for the Year			
Service Cost	21,174	-	21,174
Interest Cost	8,499	-	8,499
Assumption Changes	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Benefit Payments	(7,984)	-	(7,984)
Net Change in Total OPEB liability	21,689	-	21,689
End of Year	$ 287,785	$ -	$ 287,785

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1 % Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net OPEB Liability	$ 314,180	$ 287,785	$ 263,168

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease (5.50% Decreasing to 4%)	Current Healthcare Cost Trend Rate (6.50% Decreasing to 5%)	1% Decrease (7.50% Decreasing to 6%)
Net OPEB Liability	$ 248,835	$ 287,785	$ 335,078

9. RISK MANAGEMENT

The County 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, and professional liabilities.

10. LONG-TERM OBLIGATIONS

Governmental Activities

The County has entered into several municipal lease-purchase agreements for road equipment. The cost and related depreciation are reported as follows:

Equipment	$ 1,027,856
Less: accumulated amortization (included as depreciation in the accompanying financial statements)	318,939
	$ 1,346,795

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

	Maturity	Interest Rate	Beginning	Increase	Decrease	Ending	Current
John Deere Road Grader	2021	3.19%	22,512	-	(22,512)	-	-
2019 Western Star	2023	4.34%	119,502	-	(38,154)	81,348	39,810
John Deere 624K Loader	2024	4.71%	29,448	-	(6,862)	22,586	7,185
John Deere Motor Grader	2024	4.71%	94,666	-	(22,059)	72,607	23,098
John Deere 544K Loader	2024	4.15%	81,625	-	(19,179)	62,446	19,975
Sheriff Vehicle Leases	2024	4.71%	86,695	-	(25,955)	60,740	27,032
Sheriff Patrol Vehicle Lease	2025	4.15%	-	93,405	(14,256)	79,149	13,340
Sheriff Emergency Veh. Lease	2026	4.15%	-	43,376	-	43,376	5,617
Total			$434,448	$136,781	$(148,977)	$422,252	$136,057

10. LONG-TERM OBLIGATIONS (continued)

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

Year Ending September 30,	Governmental Activities Municipal Leases Principal	Interest
2021	$ 134,720	$ 18,736
2022	117,099	13,126
2023	122,204	8,021
2024	60,423	2,693
	$ 434,446	$ 42,576

Interest expense for the year ending September 30, 2021 was $21,103. No interest was capitalized during the year.

11. DEFERRED COMPENSATION PLAN

Permanent employees of the County may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

Under the plan, employees may elect to defer a portion of their salaries and avoid

paying taxes on the deferred portion until withdrawal at a later date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The County has no liability for losses under the plan but it does have the obligation of due care in selecting the third-party administrator. For the year ended September 30, 2021, the County made no employer contributions to the plan.

12. LEASE COMMITMENTS

The County entered into various lease agreements for copiers. The lease period for each is five years and it is anticipated that the copiers will be returned at the end of the lease periods, which range from current to September 2021. The County has also entered into a lease for two road graders, and a loader. The lease period is for seven years and the equipment will be returned at the end of the lease.

12. LEASE COMMITMENTS (continued)

Future minimum lease payments are as follows:

Year Ending September 30,	Amount
2021	$ 87,231
2022	81,852
2023	293,052
2024	39,142
2025	201,820
	$703,097

The County has other operating lease agreements whose terms are less than one year. Rent expenditures for the year ended September 30, 2021, was $136,347.

13. OTHER COMMITMENTS

The County has credit cards with a credit limit of $35,000. As of September 30, 2021, $2,004 of the available credit was in use.

14. TAX ABATEMENTS

The County entered into a property tax abatement agreement with a local business under Idaho Code 63-602NN. Under the Idaho Code the County granted property tax abatement per resolution 2016-07. The local business was granted an abatement of 100% of its additional investment of $8,000,000 starting in 2016 for a total of five periods (2017 at 100%, 2018 at 75%, 2019 at 50%, and 2020 at 50%).

For the fiscal year ended September 30, 2021, the County abated property taxes totaling $32,326 for the County and $17,486 for other taxing districts for a total of $49,812.

15. RESTATEMENTS

During the year ended September 30, 2021, the County adopted GASB 84, which caused certain funds to no longer be reported as fiduciary funds and to start being reported as governmental funds. This caused Fund Balance and Net Position to both be restated by $1,214,638 as reflected below.

In the prior year sales tax receivables were understated. This caused the Net Position and Fund Balance to both be understated by $199,772.

There were certain capital assets that were not reported on the prior year's Statement of Net Position. This caused Net Position to be understated by $104,192.

Fund Balance and Net Position were restated as follows:

	Governmental Activities
Statement of Net Position - Governmental Activities - Total Net Position, As Previously Stated	$ 15,174,123
Increase in net position due to understated sales tax receivable	199,772
Increase in net positiondue to implementation of GASB 84	1,214,638
Increase in net position due to understated assets in prior periods	104,185
Statement of Net Position - Governmental Activities - Total Net Position, Restated	$ 16,692,718

	Governmental Funds
Balance Sheet - Governmental Funds - General Fund - Total Fund Balances, As Previously Stated	$ 9,200,365
Increase in fund balance due to understated sales tax receivable	199,772
Increase in fund balance due to implementation of GASB 84	1,214,638
Balance Sheet - Governmental Funds - General Fund - Total	$ 10,614,775

REQUIRED SUPPLEMENTARY INFORMATION

Gem County, Idaho
Budgetary (GAAP Basis) Comparison Schedule
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 1,387,209	$ 3,343,247	$ 1,409,486	$ (1,933,761)
Intergovernmental	234,618	234,618	1,125,284	890,666
Charges for Services	266,850	266,850	912,166	645,316
Grants and Contributions	-	-	1,953,707	1,953,707
Interest Income	60,000	60,000	49,646	(10,354)
Other Revenue	48,750	48,750	50,180	1,430
Total Revenues	1,997,427	3,953,465	5,500,469	1,547,004
Expenditures				
Current:				
Salaries	1,442,965	1,457,099	1,428,994	28,105
Benefits	554,207	559,292	533,131	26,161
Operating Expenses	862,247	2,761,619	831,876	1,929,743
Capital Outlay	95,520	132,967	84,691	48,276
Total Expenditures	2,954,939	4,910,977	2,878,692	2,032,285
Excess (Deficiency) of Revenues Over Expenditures	(957,512)	(957,512)	2,621,777	3,579,289
Other Financing Sources (Uses)				
Unrealized Gain(Loss)	-	-	(35,620)	(35,620)
Total Other Financing Sources (Uses)	-	-	(35,620)	(35,620)
Net Change in Fund Balances	(957,512)	(957,512)	2,586,157	3,543,669
Fund Balances, Beginning - Previously	957,512	957,512	2,645,101	1,887,361
Prior Period Adjustment	-	-	199,772	-
Fund Balances - Beginning	957,512	957,512	2,844,873	1,887,361
Fund Balances - Ending	$ -	$ -	$ 5,431,030	$ 5,431,030

Gem County, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Road and Bridge
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 459,154	$ 459,154	$ 417,645	$ (41,509)
Intergovernmental	1,321,014	1,321,014	2,445,283	1,124,269
Charges for Services	103,700	103,700	16,295	(87,405)
Grants and Contributions	-	-	174,518	174,518
Other Revenue	-	-	1,184	1,184
Total Revenues	1,883,868	1,883,868	3,054,925	1,171,057
Expenditures				
Current:				
Salaries	598,952	599,542	570,851	28,691
Benefits	286,555	286,555	243,823	42,732
Operating Expenses	763,500	779,500	661,898	117,602
Capital Outlay	964,609	1,412,910	1,031,499	381,411
Total Expenditures	2,613,616	3,078,507	2,508,071	570,436
Excess (Deficiency) of Revenues Over Expenditures	(729,748)	(1,194,639)	546,854	1,741,493
Other Financing Sources (Uses)				
Sale of Assets	-	-	640	640
Total Other Financing Sources (Uses)	-	-	640	640
Net Change in Fund Balances	(729,748)	(1,194,639)	547,494	1,742,133
Fund Balances - Beginning	729,748	1,194,639	1,737,650	543,011
Fund Balances - Ending	$ -	$ -	$ 2,285,144	$ 2,285,144

Gem County, Idaho
Budgetary (GAAP Basis) Comparison Schedule
Justice
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 1,875,610	$ 1,875,610	$ 1,907,859	$ 32,249
Intergovernmental	500,000	500,000	893,051	393,051
Charges for Services	388,820	388,820	387,743	(1,077)
Grants and Contributions	-	-	19,137	19,137
Other Revenues	85,200	85,200	94,197	8,997
Total Revenues	2,849,630	2,849,630	3,301,987	452,357
Expenditures				
Current:				
Salaries	2,153,321	2,161,193	2,046,484	114,709
Benefits	828,879	829,011	737,226	91,785
Operating Expenses	463,391	515,256	369,492	145,764
Capital Outlay	62,500	64,933	202,012	(137,079)
Total Expenditures	3,508,091	3,570,393	3,355,214	215,179
Excess (Deficiency) of Revenues Over Expenditures	(658,461)	(720,763)	(53,227)	667,536
Other Financing Sources (Uses)				
Debt Proceeds	-	-	136,781	136,781
Total Other Financing Sources (Uses)	-	-	136,781	136,781
Net Change in Fund Balances	(658,461)	(720,763)	83,554	804,317
Fund Balances, Beginning	658,461	720,763	2,053,417	1,332,654
Fund Balances, Ending	$ -	$ -	$ 2,136,971	$ 2,136,971

1. BUDGETS AND BUDGETARY ACCOUNTING

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

A. Prior to September 1, the County Clerk and County Commissioners 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 County Courthouse to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of an ordinance.

D. The County is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The County, 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.

F. The budget for the General fund and Special Revenue funds is adopted on a basis consistent with generally accepted accounting principles.

G. Expenditures may not legally exceed budgeted appropriations at the fund level. The County does not use the encumbrance method of accounting.

Gem County, Idaho
Schedule of Required Supplemental Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the County's Proportionate Share of Net Pension Liability

Year	County's Proportion of the Net Pension Liability	County's Proportionate Share of the Net Pension Liability	County's Covered Employee Payroll	County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.1315003%	$ (103,856)	$ 4,857,284	-2.14%	100.36%
2020	0.1324668%	3,076,054	4,795,091	64.15%	88.22%
2019	0.1317582%	1,503,983	4,502,401	33.40%	93.79%
2018	0.1322335%	1,950,467	4,262,915	45.75%	91.69%
2017	0.1302199%	2,046,833	4,095,243	49.98%	90.68%
2016	0.1289738%	2,614,497	3,811,894	68.59%	87.26%
2015	0.1283078%	1,682,144	3,607,878	46.62%	91.38%

Data reported is measured as of June 30, 2021

Schedule of County Contributions

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2021	$ 583,588	$ 583,588	$ -	$ 4,857,284	12.01%
2020	576,268	576,268	-	4,795,091	12.02%
2019	518,040	518,040	-	4,502,401	11.51%
2018	485,949	485,949	-	4,262,915	11.40%
2017	466,931	466,931	-	4,095,243	11.40%
2016	434,771	434,771	-	3,811,894	11.41%
2015	411,527	411,527	-	3,607,878	11.41%

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 Gem County will present information for those years for which information is available.

Gem County, Idaho

Schedule of Changes in Net OPEB Liability and Related Ratios

Other Post-Employment Benefit Plan

Last 10 - Fiscal Years*

	2021	2020	2019	2018
Fiscal Year				
Total OPEB Liability				
Service Cost	$ 21,174	$ 20,508	$ 16,467	$ 15,987
Interest Cost	8,499	9,638	9,412	9,239
Assumption Changes	-	1,935	-	-
Difference between Expected and Actual	-	(7,636)	-	-
Benefit Payments	(7,984)	(26,191)	(20,762)	(20,806)
Net Change in Total OPEB Liability	21,689	(1,746)	5,117	4,420
Total OPEB Liability - Beginning	266,096	267,842	262,725	258,305
Total OPEB Liability - Ending (a)	$ 287,785	$ 266,096	$ 267,842	$ 262,725
Plan Fiduciary Net Position - Beginning	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	-	-	-	-
County's Net OPEB Liability - Ending (a) - (b)	$ 287,785	$ 266,096	$ 267,842	$ 262,725
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	$ 5,292,402	$ 5,125,813	$ 4,522,863	$ 4,391,129
Net OPEB Liability as a Percentage of Covered Employee Payroll	5.4%	5.2%	5.9%	6.0%

*GASB 75 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 will be presented.

NOTES:

A. The net OPEB liability amount presented for each fiscal year was determined as of the fiscal year end.

B. The County has not presented a schedule of employer contributions or schedule of investment returns since the County does not prefund the County's OPEB Plan with contributions, and accordingly, actuarially determined contributions have not been calculated and there are no contractually or statutorily determined contributions applicable to the employer.

SUPPLEMENTAL INFORMATION

Gem County, Idaho
Supplemental Schedule of Revenues by Source
- Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2021

	Budget	Actual	Variance
Program Revenues			
Charges for Services	$ 266,850	$ 912,166	$ 645,316
Grants and Contributions	-	1,953,707	1,953,707
Total Program Revenues	266,850	2,865,873	2,599,023
General Revenues			
Property Taxes	3,343,247	1,409,486	(1,933,761)
Intergovernmental	234,618	1,125,284	890,666
Interest Income	60,000	49,646	(10,354)
Other Revenue	48,750	50,180	1,430
Total General Revenues	3,686,615	2,634,596	(1,052,019)
Total Revenue	$ 3,953,465	$ 5,500,469	$ 1,547,004

Gem County, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
- Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2021

	Budget	Actual	Variance
Clerk/Auditor			
Salaries	$ 426,302	$ 426,673	$ (371)
Benefits	166,296	161,145	5,151
Other Expenses	12,265	9,853	2,412
Capital Outlay	3,000	-	3,000
	607,863	597,671	10,192
Assessor			
Salaries	283,384	286,119	(2,735)
Benefits	106,791	105,382	1,409
Other Expenses	20,940	19,124	1,816
Capital Outlay	35,100	6,449	28,651
	446,215	417,074	29,141
Treasurer/Tax Collector			
Salaries	120,849	120,973	(124)
Benefits	44,401	43,582	819
Other Expenses	31,800	6,704	25,096
Capital Outlay	2,000	1,599	401
	199,050	172,858	26,192
Commissioners			
Salaries	130,060	130,056	4
Benefits	49,970	47,282	2,688
Other Expenses	12,950	12,957	(7)
Capital Outlay	1,500	-	1,500
	194,480	190,295	4,185
Coroner			
Salaries	14,025	14,025	-
Benefits	10,778	10,602	176
Other Expenses	24,950	19,856	5,094
Capital Outlay	2,220	2,220	-
	51,973	46,703	5,270
Buildings and Grounds			
Salaries	64,645	62,112	2,533
Benefits	27,922	23,201	4,721
Other Expenses	132,450	102,815	29,635
Capital Outlay	9,000	8,756	244
	234,017	196,884	37,133

Gem County, Idaho
Supplemental Schedule of Expenditures by Object of Expenditure
- Budget (GAAP Basis) and Actual - General Fund
For the Year End September 30, 2021
(continued)

	Budget	Actual	Variance
Disaster Services			
Salaries	$ 30,378	$ 30,588	$ (210)
Benefits	14,358	14,161	197
Other Expenses	8,700	4,299	4,401
	53,436	49,048	4,388
Extension Office			
Salaries	51,991	51,544	447
Benefits	16,492	16,015	477
Other Expenses	59,722	52,935	6,787
Capital Outlay	40,000	40,000	-
	168,205	160,494	7,711
Elections			
Salaries	3,500	753	2,747
Benefits	708	164	544
Other Expenses	42,200	32,041	10,159
Capital Outlay	8,865	5,865	3,000
	55,273	38,823	16,450
General			
Salaries	99,807	78,354	21,453
Benefits	30,861	31,101	(240)
Other Expenses	2,371,530	542,793	1,828,737
Capital Outlay	21,582	11,582	10,000
	2,523,780	663,830	1,859,950
Development Services			
Salaries	225,051	218,381	6,670
Benefits	85,164	80,626	4,538
Other Expenses	27,870	22,688	5,182
Capital Outlay	2,000	2,031	(31)
	340,085	323,726	16,359
Veterans Services			
Other Expenses	3,500	1,462	2,038
	3,500	1,462	2,038
City-County Planning			
Other Expenses	33,100	19,824	13,276
	33,100	19,824	13,276
Total General Government	$ 4,910,977	$ 2,878,692	$ 2,032,285

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

	Project Grant	Cigarette Tax/Block Grant	District Court	Fair, County	Fair, Grounds and Buildings
Assets					
Cash and Cash Equivalents	$ 2,657	$ 57,235	$ 402,915	$ 22,922	$ 111,808
Receivables, Net:					
Taxes	-	-	6,950	2,132	3,359
Accounts	-	-	-	-	-
Inventory	-	-	-	-	-
Total Assets	$ 2,657	$ 57,235	$ 409,865	$ 25,054	$ 115,167
Liabilities					
Warrants Payable	$ 315	$ 764	$ 21,894	$ -	$ 7,150
Salaries and Benefits Payable	-	3,385	14,240	-	6,575
Total Liabilities	315	4,149	36,134	-	13,725
Deferred Inflows					
Unearned Revenue - Property Taxes	-	-	5,968	1,841	2,903
Total Deferred Inflows	-	-	5,968	1,841	2,903
Fund Balances					
Restricted	2,342	53,086	367,763	23,213	98,539
Total Fund Balances	2,342	53,086	367,763	23,213	98,539
Total Liabilities, Deferred Inflows, and Fund Balances	$ 2,657	$ 57,235	$ 409,865	$ 25,054	$ 115,167

Gem County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021
(continued)

	Parks and Recreation	Health District	Consolidated Elections	Indigent	Junior College Tuition
Assets					
Cash and Cash Equivalents	$ 85,917	$ 34,016	$ 85,238	$ 531,623	$ 145,847
Receivables, Net:					
Taxes	1,997	2,551	-	16,029	-
Accounts	-	-	-	42,267	-
Inventory	-	-	-	-	-
Total Assets	$ 87,914	$ 36,567	$ 85,238	$ 589,919	$ 145,847
Liabilities					
Warrants Payable	$ 3,121	$ -	$ 1,875	$ 77,689	$ 5,150
Salaries and Benefits Payable	3,993	-	4,154	4,154	-
Total Liabilities	7,114	-	6,029	81,843	5,150
Deferred Inflows					
Unearned Revenue - Property Taxes	1,719	2,203	-	13,864	-
Total Deferred Inflows	1,719	2,203	-	13,864	-
Fund Balances					
Restricted	79,081	34,364	79,209	494,212	140,697
Total Fund Balances	79,081	34,364	79,209	494,212	140,697
Total Liabilities Deferred Inflows, and Fund Balances	$ 87,914	$ 36,567	$ 85,238	$ 589,919	$ 145,847

Gem County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021
(continued)

	Enhanced 911	Revaluation	Tort	Weed Control	Snowmobile
Assets					
Cash and Cash Equivalents	$ 625,234	$ 156,353	$ 232,901	$ 206,122	$ 20,942
Receivables, Net:					
Taxes	-	8,024	6,952	6,425	-
Accounts	-	-	-	-	-
Inventory	-	-	-	29,763	-
Total Assets	$ 625,234	$ 164,377	$ 239,853	$ 242,310	$ 20,942
Liabilities					
Warrants Payable	$ 3,722	$ 3,644	$ 6,216	$ 1,513	$ -
Salaries and Benefits Payable	-	16,937	-	9,339	-
Total Liabilities	3,722	20,581	6,216	10,852	-
Deferred Inflows					
Unearned Revenue - Property Taxes	-	6,916	6,011	5,548	-
Total Deferred Inflows	-	6,916	6,011	5,548	-
Fund Balances					
Restricted	621,512	136,880	227,626	225,910	20,942
Total Fund Balances	621,512	136,880	227,626	225,910	20,942
Total Liabilities, Deferred Inflows, and Fund Balances	$ 625,234	$ 164,377	$ 239,853	$ 242,310	$ 20,942

Gem County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021
(continued)

	Waterways	Drug Court	Disaster/ Emergency	Building Construction Fund	Solid Waste	Bond Retirement
Assets						
Cash and Cash Equivalents	$ 57,825	$ 65,018	$ -	$ -	$ 557,507	$ -
Receivables, Net:						
Taxes	-	-	-	-	25,112	-
Accounts	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	$ 57,825	$ 65,018	$ -	$ -	$ 582,619	$ -
Liabilities						
Warrants Payable	$ 5,385	$ 9,048	$ -	$ -	$ 21,972	$ -
Salaries and Benefits Payable	2,016	766	-	-	37,759	-
Total Liabilities	7,401	9,814	-	-	59,731	-
Deferred Inflows						
Unearned Revenue - Property Taxes	-	-	-	-	21,932	-
Total Deferred Inflows	-	-	-	-	21,932	-
Fund Balance						
Restricted:	50,424	55,204	-	-	500,956	-
Total Fund Balances	50,424	55,204	-	-	500,956	-
Total Liabilities, Deferred Inflows, and Fund Balances	$ 57,825	$ 65,018	$ -	$ -	$ 582,619	$ -

Gem County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021
(continued)

	Miscellaneous Revenues	Motor Vehicle Building	Court Facilities	Development Fees
Assets				
Cash and Cash Equivalents	$ 5,089	$ 189,072	$ 93,866	$ 442,420
Receivables, Net:				
Taxes	-	-	-	-
Inventory	-	-	-	-
Total Assets	$ 5,089	$ 189,072	$ 93,866	$ 442,420
Liabilities				
Warrants Payable	$ 337	$ -	$ -	$ -
Salaries and Benefits Payable	-	-	-	-
Total Liabilities	337	-	-	-
Deferred Inflows				
Unearned Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows	-	-	-	-
Fund Balance				
Restricted:	4,752	189,072	93,866	442,420
Total Fund Balances	4,752	189,072	93,866	442,420
Total Liabilities, Deferred Inflows, and Fund Balances	$ 5,089	$ 189,072	$ 93,866	$ 442,420

Gem County, Idaho
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021
(continued)

	Vehicle Depreciation	Equipment Depreciation	Project Depreciation	Total
Assets				
Cash and Cash Equivalents	$ 350,746	$ 158,505	$ 71,000	$ 4,712,778
Receivables, Net:				-
Taxes	-	-	-	79,531
Accounts	-	-	-	42,267
Inventory	-	-	-	29,763
Total Assets	$ 350,746	$ 158,505	$ 71,000	$ 4,864,339
Liabilities				
Warrants Payable	$ -	$ -	$ -	$ 169,795
Salaries and Benefits Payable	-	-	-	103,318
Total Liabilities	-	-	-	273,113
Deferred Inflows				
Unearned Revenue - Property Taxes	-	-	-	68,905
Total Deferred Inflows	-	-	-	68,905
Fund Balance				
Restricted:	350,746	158,505	71,000	4,522,321
Total Fund Balances	350,746	158,505	71,000	4,522,321
Total Liabilities, Deferred Inflows, and Fund Balances	$ 350,746	$ 158,505	$ 71,000	$ 4,864,339

Gem County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Project Grant	Cigarette Tax/Block Grant	District Court	Fair, County	Fair, Grounds and Buildings
Revenues					
Property Taxes	$ -	$ -	$ 327,140	$ 73,195	$ 117,457
Intergovernmental	-	42,308	56,125	-	100,000
Charges for Services	-	-	-	-	27,169
Grants and Contributions	-	35,472	-	-	-
Other Revenue	-	-	23,688	-	137,020
Total Revenues	-	77,780	406,953	73,195	381,646
Expenditures					
Current:					
Salaries	-	59,114	145,400	-	62,413
Benefits	-	26,567	48,295	-	25,026
Operating Expenses	1,789	12,646	91,832	72,085	10,980
Capital Outlay	-	-	-	-	264,013
Total Expenditures	1,789	98,327	285,527	72,085	362,432
Excess (Deficiency) of Revenues Over Expenditures	(1,789)	(20,547)	121,426	1,110	19,214
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(1,789)	(20,547)	121,426	1,110	19,214
Fund Balances, Beginning - Previously	4,131	73,633	246,337	22,103	79,325
Prior Period Adjustment	-	-	-	-	-
Fund Balances, Beginning	4,131	73,633	246,337	22,103	79,325
Fund Balances, Ending	$ 2,342	$ 53,086	$ 367,763	$ 23,213	$ 98,539

Gem County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2021
(continued)

	Parks and Recreation	Health District	Consolidated Elections	Indigent	Junior College Tuition
Revenues					
Property Taxes	$ 61,747	$ 87,822	$ -	$ 561,875	$ 1,024
Intergovernmental	-	-	77,157	50,508	20,000
Charges for Services	-	-	22,254	-	-
Grants and Contributions	20,000	-	-	50,984	-
Other Revenue	433	-	-	54,667	300
Total Revenues	82,180	87,822	99,411	718,034	21,324
Expenditures					
Current:					
Salaries	37,793	-	39,411	39,411	-
Benefits	15,838	-	15,033	15,659	-
Operating Expenses	38,160	86,515	36,851	416,636	25,850
Capital Outlay	-	-	61,328	-	-
Total Expenditures	91,791	86,515	152,623	471,706	25,850
Excess (Deficiency) of Revenues Over Expenditures	(9,611)	1,307	(53,212)	246,328	(4,526)
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(9,611)	1,307	(53,212)	246,328	(4,526)
Fund Balances, Beginning - Previously	88,692	33,057	132,421	247,884	145,223
Prior Period Adjustment	-	-	-	-	-
Fund Balances, Beginning	88,692	33,057	132,421	247,884	145,223
Fund Balances, Ending	$ 79,081	$ 34,364	$ 79,209	$ 494,212	$ 140,697

Gem County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2021
(continued)

	Enhanced 911	Revaluation	Tort	Weed Control	Snowmobile
Revenues					
Property Taxes	$ -	$ 275,267	$ 252,094	$ 229,265	$ -
Intergovernmental	213,227	-	-	-	1,828
Charges for Services	-	-	-	24,824	-
Grants and Contributions	-	-	-	-	-
Other Revenue	-	-	47,598	-	-
Total Revenues	213,227	275,267	299,692	254,089	1,828
Expenditures					
Current:					
Salaries	-	156,091	-	97,901	-
Benefits	-	63,253	-	42,670	-
Operating Expenses	85,531	30,814	237,311	49,137	1,243
Capital Outlay	232,823	2,500	-	-	-
Depreciation	-	-	-	-	-
Total Expenditures	318,354	252,658	237,311	189,708	1,243
Excess (Deficiency) of Revenues Over Expenditures	(105,127)	22,609	62,381	64,381	585
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(105,127)	22,609	62,381	64,381	585
Fund Balances, Beginning - Previously	726,639	114,271	165,245	161,529	20,357
Prior Period Adjustment	-	-	-	-	-
Fund Balances, Beginning	726,639	114,271	165,245	161,529	20,357
Fund Balances, Ending	$ 621,512	$ 136,880	$ 227,626	$ 225,910	$ 20,942

Gem County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2021
(continued)

	Waterways	Drug Court	Building Construction Fund	Solid Waste	Bond Retirement
Revenues					
Property Taxes	$ -	$ -	$ -	$ 676,190	$ -
Intergovernmental	30,899	31,892	-	-	-
Charges for Services	-	-	-	176,400	-
Grants and Contributions	13,058	-	-	-	-
Other Revenue	140	2,091	(8,189)	24,211	(10)
Total Revenues	44,097	33,983	(8,189)	876,801	(10)
Expenditures					
Current:					
Salaries	18,753	7,768	-	361,450	-
Benefits	4,148	667	-	136,785	-
Operating Expenses	11,055	21,830	-	227,406	-
Capital Outlay	-	-	-	53,586	-
Depreciation	-	-	-	-	-
Total Expenditures	33,956	30,265	-	779,227	-
Excess (Deficiency) of Revenues Over Expenditures	10,141	3,718	(8,189)	97,574	(10)
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	10,141	3,718	(8,189)	97,574	(10)
Fund Balances, Beginning - Previously	40,283	51,486	8,189	403,382	10
Prior Period Adjustment	-	-	-	-	-
Fund Balances, Beginning	40,283	51,486	8,189	403,382	10
Fund Balances, Ending	$ 50,424	$ 55,204	$ -	$ 500,956	$ -

Gem County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2021
(continued)

	Miscellaneous Revenues	Motor Vehicle Building	Court Facilities	Development Fees
Revenues				
Property Taxes	$ -	$ -	$ -	$ -
Intergovernmental	1,794	-	-	-
Charges for Services	-	-	-	167,193
Grants and Contributions	-	-	-	-
Other Revenue	24,448	7,037	6,910	-
Total Revenues	26,242	7,037	6,910	167,193
Expenditures				
Current:				
Salaries	-	-	-	-
Benefits	-	-	-	-
Operating Expenses	27,560	-	-	7,079
Capital Outlay	-	-	-	-
Depreciation	-	-	-	-
Total Expenditures	27,560	-	-	7,079
Excess (Deficiency) of Revenues Over Expenditures	(1,318)	7,037	6,910	160,114
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,318)	7,037	6,910	160,114
Fund Balances, Beginning - Previously	-	-	-	-
Prior Period Adjustment	6,070	182,035	86,956	282,306
Fund Balances, Beginning	6,070	182,035	86,956	282,306
Fund Balances, Ending	$ 4,752	$ 189,072	$ 93,866	$ 442,420

Gem County, Idaho
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended September 30, 2021
(continued)

	Vehicle Depreciation	Equipment Depreciation	Project Depreciation	Total
Revenues				
Property Taxes	$ -	$ -	$ -	$ 2,663,076
Intergovernmental	-	-	-	625,738
Charges for Services	-	-	-	417,840
Grants and Contributions	-	-	-	119,514
Other Revenue	9,500	50,500	-	380,344
Total Revenues	9,500	50,500	-	4,206,512
Expenditures				
Current:				
Salaries	-	-	-	1,025,505
Benefits	-	-	-	393,941
Operating Expenses	-	-	-	1,492,310
Capital Outlay	137,020	-	-	751,270
Depreciation	-	-	-	1,648,645
Total Expenditures	137,020	-	-	3,663,026
Excess (Deficiency) of Revenues Over Expenditures	(127,520)	50,500	-	543,486
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(127,520)	50,500	-	543,486
Fund Balances, Beginning - Previously	-	-	-	2,764,197
Prior Period Adjustment	478,266	108,005	71,000	1,214,638
Fund Balances, Beginning	478,266	108,005	71,000	3,978,835
Fund Balances, Ending	$ 350,746	$ 158,505	$ 71,000	$ 4,522,321

Gem County, Idaho
Combining Statement of Fiduciary Net Position - Custodial Funds
September 30, 2021

	Custodial Funds		
	Held for Other Governments	Taxing District Funds	Total Custodial Funds
Assets			
Cash and Investments	$ 413,293	$ 36,606	$ 449,899
Property Taxes Receivable	-	164,767	164,767
Total Assets	413,293	201,373	614,666
Liabilities			
Warrants and Accounts Payable	114,872	9,884	124,756
Total Liabilities	114,872	9,884	124,756
Net Position			
Restricted for:			
Individuals, Organizations, or Other Governments	298,421	191,489	489,910
Total Net Position	$ 298,421	$ 191,489	$ 489,910

Gem County, Idaho
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds
For the Year Ended September 30, 2021

	Custodial Funds		
	Held for Other Governments	Taxing District Funds	Total Custodial Funds
Additions:			
Fees collected for other governments	$ 6,628,091	$ -	$ 6,628,091
Property taxes collected for other governments	-	5,377,893	5,377,893
Contributions	-		
Total Additions	6,628,091	5,377,893	12,005,984
Deductions:			
Fees distributed to other governments	6,425,762	-	6,425,762
Taxes distributed to other governments	-	5,378,953	5,378,953
Total Deductions	6,425,762	5,378,953	11,804,715
Change in Net Position	202,329	(1,060)	201,269
Net Position - Beginning	96,092	192,549	288,641
Net Position - Ending	$ 298,421	$ 191,489	$ 489,910

FEDERAL REPORTS

Gem County, Idaho
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

Program Title	Assistance Listing Number	Flow through Number	Program Expenditures
U.S. Department of Agriculture			
Direct			
Forest Service Schools and Road Cluster			
Schools & Roads - Grants to Counties	10.666		$ 43,459
Total Forest Services Schools and Road Cluster			43,459
Total U.S. Department of Agriculture			43,459
U.S. Department of the Interior			
Direct			
Payment in Lieu of Taxes	15.226		333,464
Total U.S. Department of Housing and Urban Development			333,464
U.S. Department of Justice			
Passed through Idaho State Police			
Support for Adam Walsh Act Implementation Grant Program	16.750	2019-AW-BX-0007	17,065
Total U.S. Department of Justice			17,065
U.S. Department of Transportation			
Passed through Idaho Transportation Department			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	0260	818
Total Highway Planning and Construction Cluster			818
Highway Safety Cluster			
State and Community Highway Safety	20.600	0260	5,076
National Priority Safety Program	20.616	0260	33,174
Total Highway Planning and Construction Cluster			38,250
Total U.S. Department of Transportation			39,068
U.S. Department of Treasury			
Passed through the Office of the Governor of Idaho			
Coronavirus Relief Fund	21.019	20-1892-0-1-806	339,115
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027		57,880
Total U.S. Department of Treasury			396,995
U.S. Election Assistance Commission			
Passed through Idaho Secretary of State			
HAVA Election Security Grants	90.404	ID20101001-01	22,254
Total U.S. Electino Assistance Commission			22,254
U.S. Department of Homeland Security			
Passed through State Department of Parks and Recreation			
Boating Safety Financial Assistance	97.012	14.01.16	13,058
Passed through State Department of Military Division			
Emergency Management Performance	97.042	EMS2019EP000002	17,439
Homeland Security Grant Program	97.067	EMW2020SS00070	15,434
Total U.S. Department of Homeland Security			45,931
Total Federal Financial Assistance			$ 898,236

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

Gem County, Idaho
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

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1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Gem County, Idaho under programs of the Federal Government for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gem County, Idaho, it is not intended to and does not present the financial position or changes in Net Position of Gem County, Idaho.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

Gem County, Idaho has not elected to use the 10-perecent de minims indirect cost rate.

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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
Gem County
Emmett, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gem County, Idaho, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Gem County, Idaho's basic financial statements, and have issued our report thereon dated March 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gem County, 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 Gem County, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Gem County, 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 Gem County, 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.

Zwygart John and Associates, PLLC

Nampa, Idaho
March 16, 2022

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Commissioners
Gem County
Emmett, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gem County, Idaho's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Gem County Idaho's major federal programs for the year ended September 30, 2021. Gem County, Idaho's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gem County, Idaho complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gem County, Idaho and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Gem County, Idaho's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Gem County, Idaho's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gem County Idaho's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Gem County Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Gem County, Idaho's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Gem County, Idaho's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Gem County, Idaho's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material

weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. [5]

Zwygart John and Associates, PLLC

Nampa, Idaho
March 16, 2022

Gem County, Idaho
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) disclosed?	☐ yes	☑ none reported
Material weakness(es) disclosed?	☐ yes	☑ none reported
Noncompliance material to financial statements noted?	☐ yes	☑ no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) disclosed?	☐ yes	☑ none reported
Material weakness(es) disclosed?	☐ yes	☑ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	☐ yes	☑ no

Identification of major programs:

Assistance Listing Number	Name of Federal Program
15.226	Payment in Lieu of Taxes
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:		$750,000
Auditee qualified as low risk auditee?	☐ yes	☑ no

Gem County, Idaho
Schedule of Findings and Questioned Costs
(continued)
For the Year Ended September 30, 2021

Section II - Financial Statement Findings

None reported.

Section III - Findings and Questioned Costs for Federal Awards

None reported.