

City of Ammon

Ammon, Idaho

Annual Financial Report

Year Ended September 30, 2025



City of Ammon

Year Ended September 30, 2025

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Independent Auditor's Report

Honorable Mayor and City Council
City of Ammon
Ammon, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ammon (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ammon as of September 30, 2025, and 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.

We did not audit the financial statements of Ammon Urban Renewal Agency, the discretely presented component unit, as of September 30, 2025, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ammon Urban Renewal Agency, is based solely on the report of the other auditors.

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 City of Ammon 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 (GAAP), 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 City of Ammon'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 City of Ammon'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 City of Ammon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, schedule of employer's share of net pension liability - PERSI base plan, and schedule of employer contributions - PERSI base plan as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements, 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 information 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 February 19, 2026 on our consideration of the City'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 the City of Ammon'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 the City's internal control over financial reporting and compliance.



Wipfli LLP

Idaho Falls, Idaho

February 19, 2026

Management's Discussion and Analysis

City of Ammon

Management's Discussion and Analysis

September 30, 2025

This discussion and analysis of the City of Ammon, Idaho's (the "City"'s), financial performance provides an overall review of the City's financial activities for the fiscal year ended September 30, 2025. The intent of the discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$93,509,216 (net position). Of this amount, \$21,517,950 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$5,624,703 in comparison with the prior year mainly due to revenues in excess of costs in the enterprise funds.
- At of the close of fiscal year 2025, the City's governmental funds reported combined ending fund balances of \$8,198,356, a decrease by \$780,377 in comparison to the prior year.
- At the end of fiscal year 2025, there was no unassigned fund balance in the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplementary and supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business, using the economic resources measurement focus and the accrual basis of accounting.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the City.

The *statement of activities* presents information that shows how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused paid time off).

Both of the government-wide financial statements distinguish functions of the City of Ammon that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities.)

City of Ammon

Management's Discussion and Analysis

September 30, 2025

The governmental activities of the City include general government, public safety, streets, parks and recreation, buildings, the LIDs, and technology (an internal service fund). The business-type activities of the City include water, wastewater, sanitation, fiber optic, and pressurized irrigation services.

The government-wide financial statements include not only the City of Ammon itself (known as the primary government), but also the legally separate Ammon Urban Renewal Agency for which the City is financially accountable. Financial information of this component unit is reported separately from the financial information presented for the primary government itself. The water, wastewater, sanitation and fiber services function as departments of the City and have been included as an integral part of the primary government.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Ammon can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City maintains three major individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for major funds, (General, Streets, and Fiber LID #5). All other non-major governmental funds are combined and presented in one column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City's internal service fund accounts for the technical support for City departments.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget for the major funds.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements. The City maintains one kind of proprietary fund. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements.

City of Ammon

Management's Discussion and Analysis

September 30, 2025

The proprietary fund financial statements provide separate information for the Water, Wastewater, and Sanitation funds, which are considered to be major proprietary funds of the City.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The largest portion of the City's net position is reflected in its investment in capital assets (i.e., land, buildings, equipment, infrastructure, and right of use assets), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services. Therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of available debt, it is important to note that under this consideration the resources required to repay this type of debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these types of liabilities.

As previously addressed, net position may serve the purpose over time as a useful indicator of a government's financial position. To that end, the City of Ammon's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$93,509,216 for FY2025.

The following table provides a summary of the City's net position for 2025 compared to 2024:

	2025	2024	2025	2024
	Governmental	Governmental	Business-Type	Business-Type
	Activities	Activities	Activities	Activities
Current and other assets	\$ 15,828,824	\$ 15,097,752	\$ 15,133,033	\$ 12,156,600
Capital assets	30,886,491	26,463,194	45,533,081	46,592,767
Total assets	46,715,315	41,560,946	60,666,114	58,749,367
Deferred outflows of resources	356,250	420,510	174,669	216,101
Total assets and deferred outflows of resources	47,071,565	41,981,456	60,840,783	58,965,468
Current and other liabilities	2,013,061	3,164,989	194,378	178,516
Long-term liabilities	2,459,208	2,988,220	5,658,844	6,706,701
Total liabilities	4,472,269	6,153,209	5,853,222	6,885,217
Deferred inflows of resources	3,753,206	-	324,435	-
Total liabilities and deferred inflows of resources	8,225,475	6,153,209	6,177,657	6,885,217
Net position				
Net investment in capital assets	29,754,599	25,204,884	40,458,716	40,730,112
Restricted	282,370	1,566,769	1,495,581	-
Unrestricted	8,809,121	9,032,609	12,708,829	11,350,139
Total net position	\$ 38,846,090	\$ 35,804,262	\$ 54,663,126	\$ 52,080,251

City of Ammon

Management's Discussion and Analysis

September 30, 2025

The restricted portion of the City's net position, \$282,370, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21,517,950, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position for the governmental and business-type activities. In the prior year, the City also reported positive balances in all three categories of net position for the governmental activities and business-type activities.

The net position of the City, as a whole, increased by \$5,624,703 from \$87,884,513 at September 30, 2024, to \$93,509,216 at September 30, 2025. Governmental activities increased \$3,041,828 over the prior year while business-type activities increased \$2,582,875 over the same period.

Governmental Activities. Governmental activities increased the City's net position by \$3,041,828. Key elements of this increased are as follows:

- An overall increase in revenues due to tax increases and state funding.
- Netted with a larger increase in expenditures due to rising costs and other economic factors.
- A increase in charges for services due to economic factors.

The following table shows the changes in net position for fiscal years 2025 and 2024:

	2024	2025	2024	2025
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
Revenues:				
Program revenues:				
Charges for services	\$ 3,995,210	\$ 2,179,464	\$ 11,220,679	\$ 12,449,346
Operating grants and contributions	378,281	207,861	-	-
Capital grants and contributions	-	2,858,644	16,086,876	25,000
General revenues:				
Property taxes	2,532,289	2,291,136	-	-
Intergovernmental revenues	4,912,673	4,862,120	-	-
Unrestricted investment earnings (loss)	1,122,834	639,859	603,967	542,961
Miscellaneous	580,293	1,122,294	-	204,387
Total revenues	\$ 13,521,580	\$ 14,161,378	\$ 27,911,522	\$ 13,221,694

City of Ammon

Management's Discussion and Analysis

September 30, 2025

	2024	2025	2024	2025
	Governmental	Governmental	Business-Type	Business-Type
	Activities	Activities	Activities	Activities
Expenses:				
General government	\$ 1,930,366	\$ 2,656,865	\$ -	\$ -
Law enforcement	2,326,602	2,579,808	-	-
Fire protection	120,351	118,581	-	-
Planning and zoning	246,578	257,965	-	-
Engineering	130,969	125,869	-	-
Building	669,184	777,222	-	-
Parks	730,109	540,061	-	-
Recreation	271,332	287,078	-	-
Pool	280,252	181,535	-	-
Highway and streets	2,410,001	2,802,815	-	-
Fiber optic LID	1,551,987	791,751	-	-
Water	-	-	3,278,858	3,740,052
Wastewater	-	-	5,095,111	4,592,711
Sanitation	-	-	870,222	986,096
Fiber optic	-	-	1,145,451	1,275,170
Pressurized irrigation	-	-	3,978	44,790
Total expenses	10,667,731	11,119,550	10,393,620	10,638,819
Change in net position	\$ 2,853,849	\$ 3,041,828	\$ 17,517,902	\$ 2,582,875

Business-Type Activities

Business-type operating activities increased the City's net position by \$2,582,875. Key elements of this increase are as follows:

- Continued strength in charges for services and interest earnings including market adjustments.
- Continued new construction and annexations.

Financial Analysis Of The Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Ammon

Management's Discussion and Analysis

September 30, 2025

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$8,198,356, a decrease of \$780,377 in comparison with the previous fiscal year. The general fund is the primary operating fund of the City. At the end of the current fiscal year, there was no unassigned fund balance of the general fund. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been obligated for a variety of restricted purposes.

The fund balance of the City's General Fund increased by \$783,005 during the current fiscal year. The key factors in this are:

- Revenues increased \$139,427 which stems from continued strength in property tax collections and market fluctuations which caused an investment gain in 2025 and 2024.
- Expenditures decreased as well, but not as much with most of the increase coming from the general government category.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water, Wastewater, Sanitation, Fiber Optic, and Pressurized Irrigation Funds at September 30, 2025, amounted to \$54,226,423. The total increase in net position for the funds including the internal services fund was \$2,582,875. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The City's budget is prepared according to Idaho law and is based on accounting for certain transactions on a modified accrual basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund and major special revenue funds. The City did not amend the 2024-2025 General Fund budget, but did amend the 2024-2025 budget for the Streets, Building, Sanitation, and Pressurized Irrigation funds.

	Budgeted	Expended
General government	\$ 3,895,056	\$ 1,929,918
Law enforcement	2,678,598	2,579,808
Planning & zoning	274,834	257,965
Engineering	133,466	125,869
Building	790,275	828,502
Parks, pool and recreation	1,930,680	1,014,949
Highways and streets	4,161,762	7,361,318
Fiber Optic LID	2,000,000	1,251,106
Water	4,349,052	3,675,398
Wastewater	5,252,480	4,591,602
Sanitation	891,683	986,013
Pressurized irrigation	35,000	44,790
Fiber optic	1,352,024	1,275,170
Total expenditures/expenses	\$ 27,744,910	\$ 25,922,408

City of Ammon

Management's Discussion and Analysis

September 30, 2025

The General Government category includes transfers but excludes the budgetary expense category for interest transferred to the various funds based on the cash allocation of those funds as this is reflected in revenues. The budgeted amounts include capital items in the proprietary funds, which are recognized as increases to assets for financial statement presentation purposes.

The Street department came in over budget due to 17th Street bridge reconstruction and the 1st Street bridge expansion in preparation for the 1st Street expansion. The grant that is anticipated for road expansion was delayed due the environmental study on First Street.

Budgets for the business-type activity are created on the same basis as the governmental funds, meaning items like principal repayments of debt and capital outlays are budgeted as expenditures in the year they are anticipated to be paid or purchased. This allows the City to set a better expectation of anticipated cash needs.

Capital Asset And Long-Term Debt Activity

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$70,221,989 (net of accumulated depreciation and amortization.) Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, right of use assets, and when applicable, construction in process. Right of use assets related to subscription based information technology agreements have been presented separately, but will still be included in total capital assets.

Additional information about the City's capital assets can be found in Note 4 of the financial statements.

Major capital transactions/events during the year were:

- Fiber LID # 6 in under construction, it includes Quail Ridge, Trailwood Village, Hillsdale, Hillview Village, Ammon Townsite, and Granite Creek.
- There are over 2,700 homes and businesses connected on the Ammon fiber. Residents have seven internet providers they can choose from on the portal. The overall rates, including installation, are some of the lowest in the nation, the quality/service is superior, and the future possibilities are endless. Working from home and transmitting large amounts of data quickly is common.
- The bridge going over Sandcreek at John Adams was added, the bridges going over Sandcreek on 17th Street and 1st Street were completely replaced.
- In a second-round attempt, the Street Levy was approved by the residents for \$1,250,000 for two years. Ammon will begin receiving funds from the Street Levy January 2026.
- The City of Ammon purchased our first electric vehicles, two Blazers for the Building Inspectors for doing inspections. We also installed a charging station at City Hall to charge the vehicles, with an option to increase charging capacity in the future.
- A drinking fountain with a dog fountain was installed at Eagle Pointe Park to help everyone hydrate and enjoy the park. Five parks had parking lots and their trails crack sealed, coated, and painted.

City of Ammon

Management's Discussion and Analysis

September 30, 2025

Debt Administration

At September 30, 2025, the City had \$6,206,257 in long term debt which consisted of general obligation bonds, notes payable, and financed purchases via lease agreements. Amounts due next year on these obligations are \$1,062,868. See Note 7 for details of debt.

Economic Factors and Next Year's Budget and Rates

Inflation is more stable than the last few years. Interest rates have started to come down a little, and property values have decreased a little, making it more affordable to purchase a new home or other expenses in Ammon.

The City of Ammon general property tax rate for 2025 is .001194414, and this will be the first year for the two-year temporary Street levy override, which is .000510373, for a total property tax rate of .001704787. The temporary Street levy will generate \$1,250,000 for each of the two years. For every \$100,000 of taxable property value, the City of Ammon tax rate is \$170.48, an increase of \$51.93 per \$100,000 taxable value, of that increase \$51.04 is for the Street levy and \$0.89 is for the general levy. Ammon has one of the lowest property tax rates in the state and region.

With the high inflation of the past few years, utility rates increased slightly. Ammon continues to be conservative and provide the best value for every dollar received. Ammon is seeking grants whenever possible, many projects in fiscal year 2026 will be funded with grants.

COMPONENT UNITS

- The financial statements include the Ammon Urban Renewal Agency, a component unit of the City. The financial statements for the Agency are available at the City office.
- There are ten Lighting Districts throughout the City, they are:
 - # 1 Hawkes Landing
 - # 2 Bridgewater Divisions # 3 and 4
 - # 3 Woodland Hills Divisions # 8 and Successive
 - # 4 Highland Springs
 - # 5 1st Street Community
 - # 6 Granite Creek
 - # 7 Bridgewater Divisions # 5 and 6 and successive divisions
 - # 8 Mountain Bend Estates
 - # 9 Olsen Park
 - # 10 Hawks Landing Division 2

The Lighting Districts have minimal activity, each district pays for the lighting services for their individual neighborhoods and therefore the City has elected not to include them in the financial statements.

City of Ammon

Management's Discussion and Analysis

September 30, 2025

Requests For Information

This financial report is designed to provide our citizens, taxpayers, customers, and potential creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jennifer Belfield, Finance Director, City of Ammon, 2135 South Ammon Road, Ammon, ID 83406.

City of Ammon

Statement of Net Position

<i>As of September 30, 2025</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 8,778,536	\$ 12,677,769	\$ 21,456,305	\$ 456,748
Receivables				
Property taxes	63,338	-	63,338	14,751
Intergovernmental	843,197	-	843,197	-
Accounts receivable	-	2,251,921	2,251,921	792,017
Capital improvement	3,250,000	-	3,250,000	-
Other	3,097,096	-	3,097,096	1,320
Internal balances	(203,343)	203,343	-	-
Capital assets				
Nondepreciable assets	7,171,583	2,133,401	9,304,984	-
Depreciable assets, net	23,710,384	43,368,954	67,079,338	-
Right of use asset, net	4,524	30,726	35,250	-
Total assets	46,715,315	60,666,114	107,381,429	1,264,836
Deferred outflow of resources				
Related to pensions	356,250	174,669	530,919	-
Capital improvement reimbursement	-	-	-	3,590,000
Liabilities				
Current liabilities				
Accounts Payable	1,532,050	-	1,532,050	-
Accrued salaries and benefits	162,323	11,748	174,071	-
Deposits payable	23,829	-	23,829	-
Compensated absences	154,820	87,396	242,216	-
Customer deposits	-	69,355	69,355	-
Connections payable	-	173	173	-
Accrued interest	140,039	25,706	165,745	-
Noncurrent liabilities				
Pension Liability	1,327,316	584,479	1,911,795	-
Due within one year	184,364	878,504	1,062,868	-
Due in more than one year	947,528	4,195,861	5,143,389	4,382,017
Total liabilities	4,472,269	5,853,222	10,325,491	4,382,017
Deferred inflow of resources				
Related to pensions	503,206	324,435	827,641	-
Capital improvement reimbursement	3,250,000	-	3,250,000	-
Total deferred inflow of resources	3,753,206	324,435	4,077,641	
Net position				
Net investment in capital assets	29,754,599	40,458,716	70,213,315	-
Restricted				
East Hills	17,457	-	17,457	-
Development commitments	264,913	1,495,581	1,760,494	-
Unrestricted	8,809,121	12,708,829	21,517,950	472,819
Total net position	\$ 38,846,090	\$ 54,663,126	\$ 93,509,216	\$ 472,819

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Activities

Year Ended September 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities								
General government	\$ 2,656,865	\$ 63,058	\$ 1,000	\$ -	\$ (2,592,807)	\$ -	\$ (2,592,807)	\$ -
Law enforcement	2,579,808	8,119	-	-	(2,571,689)	-	(2,571,689)	-
Fire protection	118,581	30,737	-	-	(87,844)	-	(87,844)	-
Planning & zoning	257,965	152,947	-	-	(105,018)	-	(105,018)	-
Engineering	125,869	13,300	-	-	(112,569)	-	(112,569)	-
Buildings	777,222	953,592	-	-	176,370	-	176,370	-
Parks	540,061	85,455	-	198,056	(256,550)	-	(256,550)	-
Recreation	287,078	94,794	-	-	(192,284)	-	(192,284)	-
Pool	181,535	133,068	-	-	(48,467)	-	(48,467)	-
Highway and streets	2,802,815	227,125	206,861	2,660,588	291,759	-	291,759	-
Fiber optic LID	791,751	417,269	-	-	(374,482)	-	(374,482)	-
Total governmental activities	11,119,550	2,179,464	207,861	2,858,644	(5,873,581)	-	(5,873,581)	-
Business-type activities								
Water	3,740,052	5,298,925	-	-	-	1,558,873	1,558,873	-
Wastewater	4,592,711	4,754,574	-	-	-	161,863	161,863	-
Sanitation	986,096	964,711	-	-	-	(21,385)	(21,385)	-
Fiber optic	1,275,170	1,381,410	-	25,000	-	131,240	131,240	-
Pressurized irrigation	44,790	49,726	-	-	-	4,936	4,936	-
Total business-type activities	10,638,819	12,449,346	-	25,000	-	1,835,527	1,835,527	-
Total primary government	\$ 21,758,369	\$ 14,628,810	\$ 207,861	\$ 2,883,644	(5,873,581)	1,835,527	(4,038,054)	-
Component unit								
Ammon urban renewal district	\$ 509,448	\$ -	\$ -	\$ -	-	-	-	(509,448)
Total component unit	\$ 509,448	\$ -	\$ -	\$ -	-	-	-	\$ (509,448)

General revenues

Property taxes	2,291,136	-	2,291,136	496,137
Franchise fees	634,629	-	634,629	-
Intergovernmental	4,862,120	-	4,862,120	-
Other revenue	487,665	204,387	692,052	-
Investment earnings	639,859	542,961	1,182,820	-
Total general revenues	8,915,409	747,348	9,662,757	496,137
Change in net position	3,041,828	2,582,875	5,624,703	(13,311)
Net position, beginning	35,804,262	52,080,251	87,884,513	486,130
Net position, ending	\$ 38,846,090	\$ 54,663,126	\$ 93,509,216	\$ 472,819

The accompanying notes are integral to this financial statement

City of Ammon

Balance Sheet - Governmental Funds

<i>As of September 30, 2025</i>			Fiber Optic LID			
	General	Street	#5	Nonmajor	Total	
Assets						
Cash and investments	\$ 6,709,492	\$ -	\$ 108,796	\$ 1,586,484	\$ 8,404,772	
Receivables						
Property taxes	63,338	-	-	-	63,338	
Intergovernmental	590,616	252,581	-	-	843,197	
Interfund	5,297,269	-	-	-	5,297,269	
Other	182,244	76,721	1,391,315	1,446,816	3,097,096	
Advance to fiber fund	233,360	-	-	-	233,360	
Total assets	\$ 13,076,319	\$ 329,302	\$ 1,500,111	\$ 3,033,300	\$ 17,939,032	
Liabilities, Deferred inflows of resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 806,918	\$ 725,117	\$ -	\$ 15	\$ 1,532,050	
Accrued salaries and benefits	152,314	2,590	-	6,000	160,904	
Accrued interest payable	-	-	23,536	116,211	139,747	
Deposits payable	1,346	-	-	22,483	23,829	
Advance from general fund	-	1,014,458	1,412,182	2,870,629	5,297,269	
Total liabilities	960,578	1,742,165	1,435,718	3,015,338	7,153,799	
Deferred inflow of resources						
Unavailable revenues	53,792	-	1,297,707	1,235,378	2,586,877	
Fund balances						
Nonspendable						
Interfund loans	5,530,629	-	-	-	5,530,629	
Restricted for						
East Hills	17,457	-	-	-	17,457	
Development commitments and other	-	-	-	264,913	264,913	
Assigned for						
Fire department	286,031	-	-	-	286,031	
Other	-	-	-	1,444,041	1,444,041	
Capital projects	6,227,832	-	-	-	6,227,832	
Unassigned	-	(1,412,863)	(1,233,314)	(2,926,370)	(5,572,547)	
Total fund balances	12,061,949	(1,412,863)	(1,233,314)	(1,217,416)	8,198,356	
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,076,319	\$ 329,302	\$ 1,500,111	\$ 3,033,300	\$ 17,939,032	

The accompanying notes are integral to this financial statement

City of Ammon

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

As of September 30, 2025

Total fund balances - governmental funds \$ 8,198,356

Amounts reported for governmental activities in the statement of net position are different due to the following items:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Included in this amount are right-to-use assets for leased capital items. 30,803,129

Property taxes receivable and LID assessments will be collected but are not available soon enough to pay for the current period's expenditures, and therefore are shown as unavailable in the funds. 2,586,877

Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	\$(154,820)	
Accrued interest	(292)	
Lease liability	(4,534)	
Notes payable	(1,112,028)	
Premium on note payable	<u>(15,330)</u>	
		(1,287,004)

The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position: Net pension liability is \$1,327,316, deferred inflows of resources related to pensions is \$503,206, and deferred outflows of resources related to pensions is \$356,250. (1,474,272)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. 19,004

Net position - governmental activities, per statement of net position **\$ 38,846,090**

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Revenues, Expenditures and Changes In Fund Balances - Governmental Funds

<i>Year Ended September 30, 2025</i>	Fiber Optic LID				Total
	General	Street	#5	Nonmajor	
Revenues					
Property Taxes	\$ 2,698,816	\$ -	\$ -	\$ -	2,698,816
Franchise fees	184,117	450,512	-	-	634,629
Licenses and Permits	101,914	-	-	953,592	1,055,506
Intergovernmental revenue	3,270,076	1,592,044	-	-	4,862,120
Charges for Services	166,247	227,125	208,012	209,257	810,641
Recreation Fees	-	-	-	227,862	227,862
Earnings on Investments	482,008	2,859	75,981	79,011	639,859
Grants and donations	1,000	2,867,449	-	198,056	3,066,505
Miscellaneous revenues	112,956	354,086	576	105,502	573,120
Total revenues	7,017,134	5,494,075	284,569	1,773,280	14,569,058
Expenditures					
Current					
General government	1,813,356	-	-	-	1,813,356
Law enforcement	2,579,808	-	-	-	2,579,808
Planning & zoning	257,965	-	-	-	257,965
Engineering	125,869	-	-	-	125,869
Building	-	-	-	736,141	736,141
Parks	-	-	-	407,110	407,110
Recreation	-	-	-	287,078	287,078
Pool	-	-	-	181,535	181,535
Highways and streets	-	1,508,630	-	-	1,508,630
Fiber optic LID	-	-	-	594,792	594,792
Debt Service					
Principal and interest	-	-	73,190	247,986	321,176
Capital outlay	116,562	5,852,688	-	566,725	6,535,975
Total expenditures	4,893,560	7,361,318	73,190	3,021,367	15,349,435
Revenues over (under) expenditures	2,123,574	(1,867,243)	211,379	(1,248,087)	(780,377)
Other financing sources (uses)					
Transfers in (out)	(1,340,569)	378,186	-	962,383	-
Total other financing sources (uses)	(1,340,569)	378,186	-	962,383	-
Net change in fund balances	783,005	(1,489,057)	211,379	(285,704)	(780,377)
Fund balances, beginning of year	11,278,944	76,194	(1,444,693)	(931,712)	8,978,733
Fund balances, end of year	\$ 12,061,949	\$ (1,412,863)	\$ (1,233,314)	\$ (1,217,416)	\$ 8,198,356

The accompanying notes are integral to this financial statement

City of Ammon

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities

For the year ended As of September 30, 2025

Net change in fund balances - governmental funds \$ (780,377)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Under GASB 87, leased capital assets are included as right-of-use assets and the costs are allocated over the remaining life of the lease as amortization expense. In the current period, these amounts are:

Capital outlay, including right of use assets	\$6,201,202	
Depreciation and amortization expense	<u>(1,670,602)</u>	
		4,530,600

Because some property taxes and LID assessments will not be collected until after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year. (407,680)

Compensated absences are expended as used in the governmental funds. However, they are expensed as earned on the statement of activities. (27,700)

Governmental funds report lease agreements as expenditures when paid while the Statement of Activities reports these as liabilities when incurred, and expenses as amortized over the life of the lease according to GASB 87 standards. This includes the titles of financed purchases as well as lease liabilities. This is the amount of current costs offset against liabilities in lease and lease-like purchases for the year. 7,678

The pension benefits are reported in the governmental funds when paid but in the Statement of Activities when earned. The change in the pension liability (asset) is \$(402,594). The change in deferred outflows of resources related to pensions is \$(64,260). The change in deferred inflows of resources related to pensions is \$503,206. (164,872)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long term liabilities. This is the amount is the net of repayments, proceeds, and changes in accrued interest. 124,217

Internal service funds are used by the City to charge the costs of certain activities to the individual funds. The change in net position of internal service funds applicable to governmental activities is reported with governmental activities. (240,038)

Change in net position of governmental activities \$ 3,041,828

The accompanying notes are integral to this financial statement

City of Ammon, Idaho
Statement of Fund Net Position
Proprietary Funds

<i>As of September 30, 2025</i>	Business-Type Activities					Governmental
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Funds	Total	Internal Service Funds
Assets						
Current						
Cash and investments	\$ 5,038,564	\$ 5,273,449	\$ 2,027,023	\$ 338,733	\$ 12,677,769	\$ 373,764
Accounts Receivable	511,975	1,484,194	75,449	180,303	2,251,921	-
Total current assets	5,550,539	6,757,643	2,102,472	519,036	14,929,690	373,764
Noncurrent						
Capital assets						
Nondepreciable assets	2,133,401	-	-	-	2,133,401	-
Depreciable assets, net	27,190,806	11,434,078	1,728,290	3,015,780	43,368,954	83,362
Right of use asset, net	13,101	4,522	13,103	-	30,726	-
Total noncurrent assets	29,337,308	11,438,600	1,741,393	3,015,780	45,533,081	83,362
Total assets	34,887,847	18,196,243	3,843,865	3,534,816	60,462,771	457,126
Deferred outflow of resources						
Related to pensions	66,888	38,648	46,138	22,995	174,669	-
Liabilities and net position						
Current						
Accrued Wages	4,549	3,007	1,904	2,288	11,748	1,419
Compensated Absences	42,796	19,149	12,774	12,677	87,396	24,144
Accrued interest payable	25,414	292	-	-	25,706	-
Connection payable	-	-	173	-	173	-
Deposits payable	66,775	1,110	1,170	300	69,355	-
Lease liability - current	5,200	1,795	5,200	-	12,195	-
Long-term debt - current	835,975	30,335	-	-	866,310	-
Total current liabilities	980,709	55,688	21,221	15,265	1,072,883	25,563
Noncurrent						
Pension liability	193,276	62,860	52,778	275,565	584,479	-
Interfund payable	-	-	-	233,360	233,360	-
Lease liability	7,931	2,738	7,931	-	18,600	-
Long-term debt	4,177,260	-	-	-	4,177,260	-
Total noncurrent liabilities	4,378,467	65,598	60,709	508,925	5,013,699	-
Total liabilities	5,359,176	121,286	81,930	524,190	6,086,582	25,563

City of Ammon, Idaho

Statement of Fund Net Position Proprietary Funds (Continued)

<i>As of September 30, 2025</i>	Business-Type Activities					Governmental
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Funds	Total	Internal Service Funds
Deferred inflow of resources						
Related to pensions	129,940	77,798	50,486	66,211	324,435	-
Net position						
Net investment in capital assets	\$ 24,310,942	\$ 11,403,732	\$ 1,728,262	\$ 3,015,780	\$ 40,458,716	\$ 83,362
Restricted	682,782	552,897	-	259,902	1,495,581	-
Unrestricted	4,471,895	6,079,178	2,029,325	(308,272)	12,272,126	348,201
Total net position	\$ 29,465,619	\$ 18,035,807	\$ 3,757,587	\$ 2,967,410	54,226,423	\$ 431,563
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					436,703	
Net position of business-type activities					\$ 54,663,126	

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

<i>Year Ended September 30, 2025</i>	Business-Type Activities					Governmental
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Funds	Total	Internal Service Funds
Operating revenues						
Charges for Services	\$ 4,506,837	\$ 4,306,590	\$ 964,511	\$ 1,132,202	\$ 10,910,140	\$ 603,171
Connection Fees	719,398	447,984	-	206,225	1,373,607	-
Penalties	67,907	-	-	142	68,049	-
Miscellaneous	4,783	-	200	92,567	97,550	200
Total operating revenues	5,298,925	4,754,574	964,711	1,431,136	12,449,346	603,371
Operating expenses						
Power	446,136	13,926	-	-	460,062	-
Treatment	-	2,979,010	-	-	2,979,010	-
Operations and Maintenance	1,258,718	662,847	390,778	582,466	2,894,809	292,600
Salaries and Benefits	972,189	578,788	377,234	493,378	2,421,589	293,933
Depreciation	998,355	357,031	218,001	244,116	1,817,503	29,108
Total operating expenses	3,675,398	4,591,602	986,013	1,319,960	10,572,973	615,641
Operating income (loss)	1,623,527	162,972	(21,302)	111,176	1,876,373	(12,270)
Non-operating revenues (expenses)						
Grants and Awards	-	-	-	25,000	25,000	-
Earnings on Investments	158,046	295,653	74,397	14,865	542,961	25,538
Interest Expense	(64,654)	(1,109)	(83)	-	(65,846)	-
Total non-operating revenues (expenses)	93,392	294,544	74,314	39,865	502,115	25,538
Change in net position	1,716,919	457,516	53,012	151,041	2,378,488	13,268
Net position, beginning of year	27,748,700	17,578,291	3,704,575	2,816,369	51,847,935	418,295
Net position, end of year	\$ 29,465,619	\$ 18,035,807	\$ 3,757,587	\$ 2,967,410	\$ 54,226,423	\$ 431,563
Change in net position - enterprise funds					\$ 2,378,488	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					204,387	
Change in net position of business-type activities					\$ 2,582,875	

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Cash Flows - Proprietary Funds

<i>Year Ended September 30, 2025</i>	Business-type Activities				Governmental Activities	
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Funds	Totals	Internal Service Funds
Cash flows from operating activities						
Cash received from customers	\$ 5,742,338	\$ 4,664,908	\$ 959,542	\$ 1,343,432	\$ 12,710,220	\$ 603,371
Cash payments to suppliers for goods and services	(1,704,854)	(3,655,783)	(390,605)	(582,466)	(6,333,708)	(260,498)
Cash payments to employees for services provided	(913,980)	(547,973)	(354,403)	(466,837)	(2,283,193)	(293,239)
Net cash from operating activities	3,123,504	461,152	214,534	294,129	4,093,319	49,634
Cash flows from non-capital financing activities						
Proceeds (payments) on interfund loans	-	-	-	(86,600)	(86,600)	-
Net cash from non-capital financing activities	-	-	-	(86,600)	(86,600)	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(414,253)	(61,495)	(3,314)	(261,208)	(740,270)	(13,199)
Interest paid on long-term debt	(68,693)	(1,157)	(83)	-	(69,933)	-
Principal paid on long-term debt	(800,908)	(4,929)	-	-	(805,837)	-
Proceeds from capital grants	-	-	-	25,000	25,000	-
Net cash from capital and related financing activities	(1,283,854)	(67,581)	(3,397)	(236,208)	(1,591,040)	(13,199)
Cash flows from investing activities						
Interest income	158,046	295,653	74,397	14,865	542,961	25,538
Net cash from investing activities	158,046	295,653	74,397	14,865	542,961	25,538
Net change in cash and cash equivalents	1,997,696	689,224	285,534	(13,814)	2,958,640	61,973
Cash and cash equivalents, beginning of year	3,040,868	4,584,225	1,741,489	352,547	9,719,129	311,791
Cash and cash equivalents, end of year	\$ 5,038,564	\$ 5,273,449	\$ 2,027,023	\$ 338,733	\$ 12,677,769	\$ 373,764

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Cash Flows - Proprietary Funds (Continued)

<i>Year Ended September 30, 2025</i>	Business-type Activities				Governmental Activities	
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income	\$ 1,623,527	\$ 162,972	\$ (21,302)	\$ 111,176	\$ 1,876,373	\$ (12,270)
Adjustment to reconcile operating income to net cash flows from operating activities:						
Depreciation	998,355	357,031	218,001	244,116	1,817,503	29,108
Loss on disposal of capital assets	-	-	-	-	-	32,102
Decrease (increase) in accounts receivable	450,473	(87,676)	(4,599)	(85,004)	273,194	-
Decrease (increase) in inventory	-	-	(570)	-	(570)	-
Increase (decrease) in accrued salaries and benefits	2,201	1,636	1,062	860	5,759	535
Increase (decrease) in compensated absences	13,432	3,689	5,228	3,988	26,337	159
Increase (decrease) in deposits payable	(7,060)	(1,990)	173	(2,700)	(11,577)	-
Increase (decrease) in GASB 68 items	42,576	25,490	16,541	21,693	106,300	-
Net cash provided by operating activities	\$ 3,123,504	\$ 461,152	\$ 214,534	\$ 294,129	\$ 4,093,319	\$ 49,634

The accompanying notes are integral to this financial statement

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of the City of Ammon (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

Reporting Entity

The City is a municipal corporation governed by an elected Mayor and 6-member City Council which together possess the final decision-making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding and deficits, and borrowing funds and/or issuing bonds to finance construction.

Discretely Presented Component Unit. In conformity with generally accepted accounting principles, the basic financial statements of Ammon Urban Renewal Agency have been included in the financial reporting entity as a discretely presented component unit, emphasizing their nature as a legally separate entity from the City. It is presented as a separate column within the basic financial statements.

Ammon Urban Renewal Agency (the Agency). This component unit has a board, which is appointed by the Mayor of the City with the advice and consent of the Ammon City Council. The Ammon Urban Renewal Agency rehabilitates deteriorating or deteriorated areas. It has a fiscal year end of September 30. For financial reporting purposes, the City of Ammon, Idaho, combines the general maintenance and operating accounts of the Agency with all other funds which the management of the City has oversight responsibility and the governing authority to significantly influence operations. A copy of the Agency audit may be obtained at the City office.

There are ten lighting districts throughout the City which have minimal activity, each district pays for the lighting services for their individual neighborhoods and therefore the City has elected not to include them in the financial statements.

There are no other boards, councils, or component units for which the City of Ammon exercises authority.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all nonfiduciary activities of the City. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The statement of net position presents the reporting entity's assets and liabilities, with the difference reported as net position (net investment in capital assets; restricted net position; or unrestricted net position). Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt. Restricted net position results when constraints placed on net position use are imposed by third parties through constitutional provisions or enabling legislation.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

The City applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation and amortization expenses that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements

The fund statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Fund Types

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City reports the following major governmental funds:

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Street Funds – These funds are used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets, and other improvements in the City.

Fiber Optic Local Improvement District #5 - Fiber Optic LID #5 is used to account for the City's installation of fiber optic in North Centennial, Briar Creek, North Tie Breaker to First Street, Georgia to Sunnyside, South Ross, and Rawson Street subdivisions. The installation started during the year ended September 30, 2021 and completed in the year ended September 30, 2024.

The City has seven nonmajor governmental funds. These include the Building Fund, Parks and Recreation Funds, and Fiber Optic Local Improvement Districts (LIDs) #1, #2, #3, #4, and #6. See additional information on these funds in the supplementary financial information section on page 59.

Proprietary Fund Types

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position. The City reports the following major proprietary funds:

Water Fund – This fund accounts for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system, and billing and collection activities.

Wastewater Fund – This fund accounts for the provision of wastewater services to the residents of the City. Activities of the fund include administration, operations, maintenance of the wastewater system, and billing and collection activities.

Sanitation Fund – This fund accounts for the operations of solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

The City has 2 nonmajor proprietary funds. These include the Sanitation Fund and the Pressurized Irrigation Fund.

Fiber Optic Fund – This fund accounts for the operations of the City's fiber optic system. All costs will be financed through charges to fiber optic customers.

Pressurized Irrigation Fund – This fund accounts for the operations of pressurized irrigation. All costs are financed through charges to pressurized irrigation customers.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Additionally, the City reports the following fund type:

Internal service funds account for data processing provided to other departments of the City on a cost reimbursement basis.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and interfund payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements 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 (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all imposed nonexchange revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under lease obligations are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Budgetary Control

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, and Proprietary Funds. All annual appropriations lapse at fiscal year end. The department heads submit the budget to the City Council and a public hearing is held prior to adoption of the budget. Prior to October 1, the budget is enacted through passage of an appropriation ordinance. The budget includes the General, Special Revenue, and Enterprise Funds. The level of control (level at which expenditures should not exceed budget) is the fund. The legal level of control is the appropriation ordinance.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Control (Continued)

Encumbrances represent commitments related to unperformed contracts for goods or services. The City did not have any encumbrances at September 30, 2025.

The General, Street, and Parks & Recreation Fund statements of revenues, expenditures, and changes in fund balance present a comparison of budgetary data to actual results. These reports utilize the same basis of accounting for both budgetary purposes and actual results.

Cash and Investments

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash also includes amounts held in the local government investment pool and money market accounts. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. Investments of the primary government consist of certificates of deposits with original maturities of greater than three months, government agency bonds, corporate bonds, and amounts held in the state's diversified bond fund.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include:

Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Prepaid items represent payments made by the City for which benefits extend beyond September 30, 2025. The costs of inventory are expensed when used. Prepaid items are recorded as expenditures when the cost is incurred.

Receivables

Property taxes are recognized as revenue in the period for which the taxes are levied. The tax levy is used to finance operations of the City's fiscal year ended September 30, 2025. All property taxes are considered due as of the second Monday in January and are levied on the second Monday in September. Taxes are payable in two installments on December 20 and June 20 of the following year. All taxes collected within 60 days of September 30, 2025, are considered available to pay current liabilities. Amounts not collected are deferred and recognized when they become available to the City.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables (Continued)

The City entered into a construction project reimbursement agreement with Ammon Urban Renewal Agency whereas the Agency will reimburse the City for specified improvements and has recorded a capital improvement receivable on its government wide statement of net position.

The City's Water, Wastewater, Sanitation, Fiber, and Pressurized Irrigation Funds' accounts receivable are reported at their gross amount. The City estimates that the amount of uncollectible accounts would not be significant to the outstanding balance, therefore no amounts have been accrued for bad debt.

Other receivables in the governmental and proprietary funds are also recorded at gross. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Capital Assets and Right of Use Assets

Purchased or constructed capital assets, including property, plant, equipment, and infrastructure (roads, bridges, and similar items) are reported at cost or estimated historical cost in the government-wide financial statements. The City defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

Donated capital assets are recorded at estimated acquisition value at the date of donation. Renewals and betterments are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. The City received a donation during the year ended September 30, 2025 for the 17th Street bridge reconstruction from the State of Idaho valued at \$2,660,588. There were no other donations received for the year ended September 30, 2025.

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures in the governmental funds for equipment, vehicles, real property acquisitions, improvements, and infrastructure are recorded as capital outlay. Maintenance and repairs of a routine nature are charged to expenses/expenditures as incurred and are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Infrastructure	15-60 years
Equipment	3-15 years
Vehicles	5-7 years

Capital assets not being depreciated include land, water rights, and construction in progress.

With the implementation of GASB 87 and 96, the City now separately identifies Right of Use assets for leased items. Amortization is recognized from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The value of the Right of Use asset is calculated as the net present value of the lease payments discounted at either the explicit interest rate of the contract or the appropriate discount rate for the circumstances.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Governmental Accounting Standards Board codification specifies that a liability should be accrued for leave benefits that meet the following conditions:

- The employer's obligation relative to employee rights to receive compensation for future absences is attributable to employee services already rendered
- The obligation related to rights that vest or accumulate
- Payment of the obligation is probable
- The amount can be reasonably estimated

The City records a liability for accrued paid time off (PTO) when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City uses the vesting method to calculate the compensated absence liability.

In proprietary funds, compensated absences are expended when earned. The entire amount of compensated absences is reported as a liability.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Accounting

The City is a lessee in multiple noncancelable operating and financing leases. If the contract provides the City the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the City's incremental borrowing rate. When the implicit rates of leases are not readily determinable, the City uses the incremental borrowing rate based on the information available at the commencement date for all leases. The City's incremental borrowing rate for a lease is the Diversified Bond Fund rate (DBF) from the State of Idaho for the month of inception of the lease or group of leases of similar assets.

The ROU asset for leases is amortized on a straight-line basis over the lease term. For leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the City has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the City is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The City recognizes short-term lease cost on a straight-line basis over the lease term.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category and it occurs on the government-wide statement of net position. The City reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and City contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of this item: one which arises under a modified accrual basis of accounting and the second which arises under the accrual basis of accounting for reporting in this category. Unavailable revenue, is reported only in the governmental funds balance sheet. Capital improvement reimbursement, is reported only in the government wide statement of net position.

The governmental funds report unavailable revenues from property taxes and other receivables that are not expected to be collected within the 60-day availability period after year-end. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions and capital improvement reimbursement in the government-wide statement of net position.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner of the term of the lease.

Pension Plan

For purposes of measuring the net pension liability(asset) 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by the ordinances of the City Council – the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but the amounts are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Risk Management

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Adoption of GASB Pronouncements

During the fiscal year ended September 30, 2025, the City implemented the following GASB Pronouncements:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The adoption of this guidance did not result in a restatement of the beginning net position for the year ended June 30, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*: Issued December 2023, the objective of this statement is to provide financial statement users with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. This statement is effective for the fiscal years beginning after June 15, 2024.

The following GASB pronouncements have been issued, but are effective in the future:

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for the fiscal years beginning after June 15, 2025. The City has not determined the effect of this Statement.

GASB Statement No. 104, *Disclosures in Certain Capital Assets*, mandates the disclosure of specific types of capital assets, including lease, intangible, subscription, and assets held for sale, in the capital asset note disclosures. This aims to enhance consistency and comparability in financial reporting among governments. The requirements of this Statement are effective for the fiscal years beginning after June 15, 2025. The City has not determined the effect of this Statement.

Subsequent Events

The City has evaluated subsequent events through February 19, 2026, which is the date the financial statements were available to be issued and there are no subsequent events required to be disclosed.

City of Ammon

Notes to Financial Statements

Note 2: Capital Improvement Reimbursement

During 2025, the City entered into a construction project reimbursement agreement with Ammon Urban Renewal Agency whereas the Agency will reimburse the City for specified improvements in the amount of \$3,519,437 for the 1st Street urban renewal project and has recorded a capital improvement receivable on its government wide statement of net position. The City received reimbursement of \$269,437 from the Agency during 2025 and the capital improvement receivable as of September 30, 2025 was \$3,250,000. A related deferred inflow of resources for the capital improvement reimbursement of \$3,250,000 as of September 30, 2025 has also been reflected on the City's government wide statement of net position.

Note 3: Cash and Investments

Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has reduced its custodial concentration of credit risk by using several financial institutions. The formal policy as of September 30, 2025 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2025, \$3,402,423, including the money market, was not insured or collateralized, most of which resides in the City's LGIP account as described below.

Investments

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. The carrying value of the City's investments at year end was \$16,894,457 and the fair value was \$16,894,457. The amount not covered by insurance was \$8,681,918.

The City invests in the Local Government Investment Pool (LGIP) through the Idaho State Treasurer. All funds are invested by the Idaho State Treasurer's office in accordance with Sections 67-1210 and 67-1210A of the Idaho Code. All investments for the LGIP are collateralized with securities held by the LGIP's safekeeping agent in the LGIP's name. The investments held by the LGIP are carried at cost, which is not materially different than fair value (determined by the Idaho State Treasurer's office). The investments are subject to risk from market and interest rate fluctuations. The City has included this in cash since the average days of maturity is 68 days.

On September 30, 2025, City of Ammon had the following recurring fair value measurements.

Investment Type	Level 1	Level 2	Level 3	Total
State DBF Fund	\$ -	\$ 122,483	\$ -	\$ 122,483
Corporate Bonds	-	2,014,528	-	2,014,528
Agency Bonds	1,949,227	-	-	1,949,227
US Gov't Bonds	3,182,150	-	-	3,182,150
Certificates of Deposit	-	9,626,069	-	9,626,069
Total Investments	\$ 5,131,377	\$ 11,763,080	\$ -	\$ 16,894,457

City of Ammon

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a “consensus price” or a weighted average price for each security. City of Ammon receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, City of Ammon uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;
- Local Government Investment Pool: application of the September 30, 2025, fair value factor, as calculated by the State Treasurer to City of Ammon’s average daily balance in the fund; and,

Debt securities classified in Level 2 are valued using the following approaches

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities’ relationship to benchmark quoted prices;
- Bond Mutual Funds: published fair value per share (unit) for each fund;
- Donated Real Estate: recent appraisals of the real estate’s value.

The City invests in the Diversified Bond Fund (DBF) through the Idaho State Treasurer. Amounts held by the DBF were held in the following investments: corporate securities, mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, U.S. Government agency securities, U.S. Treasury securities money market funds, and accrued interest. The City had \$122,483 invested in the DBF at September 30, 2025.

The investments held by the DBF are carried at fair value (determined by the Idaho State Treasurer’s office). These investments are subject to risk from market and rate fluctuations. The weighted average duration was 2.72 years at September 30, 2025.

The City’s investment accounts, including government agencies, commercial paper, corporate bonds, and certificates of deposit, are held with Moreton Asset Management. The weighted average duration was 1.73 years.

City of Ammon

Notes to Financial Statements

Note 3: Cash and Investments (Continued)

As of September 30, 2025, the City had the following investments showing the distribution by maturity and rating:

Investment Type	Remaining Maturity (in Years)		Total Fair Value	Moody's Rating
	12 Months or Less	1-5 Years		
State DBF Fund	\$ -	\$ 122,483	\$ 122,483	AAA
Corporate Bonds	2,014,528		2,014,528	AA-/A+/A/A-/BBB+
Agency Bonds	1,949,227		1,949,227	AAA
US Gov't Bonds	3,182,150		3,182,150	
Certificates of Deposit	2,753,569	6,872,500	9,626,069	NA/NR/A-1+/A-2/A-3/D
Total Investments	\$ 9,899,474	\$ 6,994,983	16,894,457	
Plus cash			4,606,338	
Total cash and investments			\$ 21,500,795	

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the actual rating as of year-end for each investment type. The City's investment policy requires investments to be in conformity with Idaho Statue Title 50 Chapter 10 section 13.

Concentration of credit risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City's total investments. The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

On September 30, 2025, City of Ammon does not hold more than 5 percent of total investments in any single security concentration other than U. S. Government Treasuries and Agencies.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a deposit policy to minimize custodial credit risk.

Foreign Currency Risk. The City has no foreign currency risk for investments at year end.

City of Ammon

Notes to Financial Statements

Note 4: Capital Assets

Capital asset balances and activity for the governmental funds for the year ended September 30, 2025, were as follows:

Governmental Activities:	Balance 09/30/24	Increases	Decreases and Transfers	Balance 09/30/25
Capital assets, not being depreciated:				
Land	\$ 1,186,147	\$ 56,994	\$ -	\$ 1,243,141
Construction in progress	4,936,788	3,175,021	(2,183,367)	5,928,442
Total capital assets, not being depreciated	6,122,935	3,232,015	(2,183,367)	7,171,583
Capital assets, being depreciated/amortized:				
Buildings and improvements	7,080,545	127,207	(123,521)	7,084,231
Infrastructure	48,416,607	2,660,588	2,044,339	53,121,534
Machinery and equipment	5,127,840	202,932	(179,337)	5,151,435
Right of use asset	6,386	5,429	(6,386)	5,429
Total capital assets, being depreciated	60,631,378	2,996,156	1,735,095	65,362,629
Accumulated depreciation and amortization:				
Buildings and improvements	(2,020,072)	(250,934)	62,351	(2,208,655)
Infrastructure	(34,553,825)	(1,091,743)	127,135	(35,518,433)
Machinery and equipment	(3,711,639)	(355,324)	147,236	(3,919,727)
Right of use asset	(5,583)	(1,709)	6,386	(906)
Total accumulated depreciation/amortization	(40,291,119)	(1,699,710)	343,108	(41,647,721)
Total capital assets, being depreciated, net	20,340,259	1,296,446	2,078,203	23,714,908
Governmental activities capital assets, net	\$ 26,463,194	\$ 4,528,461	\$ (105,164)	\$ 30,886,491

Depreciation and amortization expense was charged to the governmental functions as follows:

Governmental activities:	
General government	\$ 130,570
Fire protection	118,581
Building	19,860
Parks and recreation	124,458
Highway and streets	1,275,424
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	29,108
Lease amortization	1,709
Total depreciation and amortization expense, governmental activities	\$ 1,699,710

City of Ammon

Notes to Financial Statements

Note 4: Capital Assets (Continued)

Business-type Activities:	Balance 09/30/24	Increases	Decreases and Transfers	Balance 09/30/25
Capital assets, not being depreciated:				
Land and water rights	\$ 2,133,401	\$ -	\$ -	\$ 2,133,401
Construction in progress	7,759	80,543	(7,760)	80,542
Total capital assets, not being depreciated	2,141,160	80,543	(7,760)	2,213,943
Capital assets, being depreciated:				
Buildings and improvements	9,858,420	-	(252,786)	9,605,634
Infrastructure	47,083,838	617,333	-	47,701,171
Machinery and equipment	8,066,757	101,881	(12,719)	8,155,919
Total capital assets, being depreciated	65,009,015	719,214	(265,505)	65,462,724
Accumulated depreciation:				
Buildings and improvements	(3,917,690)	(294,479)	173,970	(4,038,199)
Infrastructure	(11,328,028)	(1,032,146)	-	(12,360,174)
Machinery and equipment	(5,325,423)	(470,994)	20,478	(5,775,939)
Total accumulated depreciation	(20,571,141)	(1,797,619)	194,448	(22,174,312)
Total capital assets, being depreciated, net	44,437,874	(1,078,405)	(71,057)	43,288,412
Right of use asset:				
Right of use asset	93,077	36,877	(93,077)	36,877
Accumulated amortization	(79,344)	(19,884)	93,077	(6,151)
Total right of use asset, net	13,733	16,993	-	30,726
Business-type activities capital assets, net	\$ 46,592,767	\$ (980,869)	\$ (78,817)	\$ 45,533,081

Depreciation and amortization expense was charged to the governmental functions as follows:

Business-Type activities:	
Water	\$ 991,065
Wastewater	347,862
Sanitation	214,576
Fiber Optic	242,869
Pressurized Irrigation	1,247
Lease Amortization	19,884
Total depreciation and amortization expense, business-type activities	\$ 1,817,503

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan

Plan Description

The City contributes to the Base Plan which is a cost sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for public safety. As of June 30, 2025, it was 7.18% and 10.36% for general and public safety employees, respectively. The employer contribution rate is set by the Retirement Board and was 11.96% for general employees and 13.48% for police and firefighters, respectively. The City's contributions were \$485,252 for the year ended September 30, 2025.

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

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

At September 30, 2025, the City reported a liability for its proportionate share of the net pension liability. The net pension liability(asset) was measured as of June 30, 2025, and the total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability(asset) was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the City's proportion was .0790598 percent.

For the year ended September 30, 2025, the City recognized pension expense of \$442,302. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 462,232	\$ (491,458)
Changes in assumptions or other inputs	(101,967)	(336,184)
Net difference between projected and actual earnings on pension plan investments	46,722	-
City contributions subsequent to the measurement date	123,932	-
Total	\$ 530,919	\$ (827,642)

\$123,932 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(asset) in the year ending September 30, 2026.

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, 2023, the beginning of the measurement period ended June 30, 2024, is 4.6 and 4.6 years for the measurement period ended June 30, 2025.

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

<i>Year Ended September 30,</i>		
2026	\$	294,290
2027		(287,578)
2028		(263,168)
2029		(164,199)

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

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, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
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%.

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 (Asset) as of June 30, 2025, is based on the results of an actuarial valuation date of July 1, 2025.

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 rates or 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.

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

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 2025.

2025		
Asset Class	DB Plans	Sick Leave
Fixed Income	30.00 %	50.00 %
US/Global Equity	55.00 %	39.30 %
International Equity	15.00 %	10.70 %

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.55%. 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 (asset). 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(asset) to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.55 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 (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	\$ 4,599,787	\$ 1,911,795	\$ (284,176)

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.

Payables to the pension plan

At September 30, 2025, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

City of Ammon

Notes to Financial Statements

Note 6: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on September 30, 2025, are as follows:

Fund	Receivable	Payable
General fund	\$ 5,530,629	\$ -
Street fund	-	1,014,458
LID #1 Fund	-	296,969
LID #5 Fund	-	1,412,182
LID #6 Fund	-	2,573,660
Fiber optic fund	-	233,360
Total	\$ 5,530,629	\$ 5,530,629

The City loaned funds to support the creation and infrastructure for the LID funds until the loans can be converted into bonds or are repaid. The General fund also loaned money to the Fiber optic fund to cover infrastructure costs that will be reimbursed as additional users are brought onto the system. The Street fund and Pressurized Irrigation fund received short-term funding from the general fund to assist in operations.

Repayment of the Fiber optic loan will be facilitated through additional subdivision charges in the fiber optic fund remitted annually as received.

Repayment terms for the LID #1 loan from the general fund are set at annual principal and interest payments of \$44,624 for 20 years. Interest for this loan is set at 3% per annum. The seventh payment was made during the 2025 fiscal year.

Repayment terms for the LID #5 loan from the general fund are set at annual principal and interest payments of \$135,316 for 20 years. Interest for this loan is set at 5% per annum. The first payment was made during the 2025 fiscal year.

Repayment terms for the LID #6 loan from the general fund is not yet set because the construction in LID #6 is not complete. Payment terms will be set once all costs have been accrued.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers at September 30, 2025, were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 1,340,569
Street	378,186	-
Parks and recreation	962,383	-
Total	\$ 1,340,569	\$ 1,340,569

The General Fund transferred \$962,383 to the Parks fund to assist cash flows within the City, and includes a portion of revenue sharing as well as funds to cover operating costs. The General fund transferred \$378,186 to the Street fund as part of their budget for revenue sharing funds.

City of Ammon

Notes to Financial Statements

Note 7: Long-Term Obligations

Governmental Funds:

The City entered into a \$570,000 bond through Neighborly Securities, Inc. on November 9, 2018. The bond, part of the Fiber Optic LID #2, requires annual payments for 20 years of \$45,738 and has an interest rate of 5%. This bond carries a premium in the amount of \$27,067 that will be amortized over the life of the bond.

In June 2020, the City entered into a bond agreement with Washington Federal Bank to finance Fiber Optic LID #3 in the amount of \$783,196. The bond requires annual payments for 15 years of \$65,038 and has an interest rate of 2.88%.

The City entered into a bond agreement with Zion Bank on September 1, 2021 in the amount of \$947,184. The bond, part of Fiber Optic LID #4, requires annual payments of \$78,028 for 15 years and has an interest rate of 2.77%.

The City has a lease agreement with John Deere to lease a 544 P Wheel Loader for 6 years beginning May 25, 2021, through May 25, 2026. The lease calls for annual payments of \$17,692 with an interest rate of 2.75% with a balloon payment of \$93,500 on May 25, 2026. The lease is subject to non-appropriation. The cost of this asset is split across the Water, Wastewater, and Street funds equally. Under GASB 87, this lease is now treated as a financed purchase. The applicable portion for the street fund is included with the governmental activities disclosure below, and the remaining portion belonging to the proprietary funds is disclosed on page 49.

The following is a summary of the changes in long-term obligations for the year ended September 30, 2025, for the governmental activities:

	Balance at October 1, 2024	Additions	Payments	Balance at September 30, 2025	Due Within One Year
Fiber Bond - LID #2	\$ 336,845	\$ -	\$ (14,008)	\$ 322,837	\$ 29,596
Premium on Fiber Bond - LID #2	16,055	-	(725)	15,330	1,405
Fiber Bond - LID #3	326,085	-	(47,591)	278,494	56,511
Fiber Bond - LID #4	543,340	-	(62,978)	480,362	64,722
Financed purchase	35,264	-	(4,929)	30,335	30,335
Lease liability	721	3,813	-	4,534	1,795
Total	\$ 1,258,310	\$ 3,813	\$ (130,231)	\$ 1,131,892	\$ 184,364

City of Ammon

Notes to Financial Statements

Note 7: Long-Term Obligations (Continued)

The following is a schedule of principal and interest payments on long-term debt to maturity plus premium amortization (see Note 8 for lease payoff schedule):

Year Ended September 30,	Principal	Interest	Total	Premium
2026	\$ 181,164	\$ 38,806	\$ 219,970	\$ 1,405
2027	156,239	32,568	188,807	1,476
2028	161,308	27,496	188,804	1,549
2029	166,587	22,221	188,808	1,627
2030	149,111	16,774	165,885	1,708
2031	297,619	25,752	323,371	7,565
Total	1,112,028	\$ 163,617	\$ 1,275,645	\$ 15,330

Business-Type Enterprise Funds:

On July 8, 2020, The City refunded a bond in the amount of \$8,888,384 through JPMorgan Chase Bank, NA. The new interest rate is 1.21% per year for 11 years and created a cash flow savings of \$930,308 for the City. The required principal and interest payments are \$431,752 due bi-annually in November and May.

The City entered into a \$15,000,000 loan with the Department of Environmental Quality (DEQ) to fund the City's portion of the regionalization project (Eastern Idaho Regional Wastewater Authority) on April 24, 2008. The loan was increased to \$25,000,000 as confirmed by judicial review. This loan was closed for \$23,213,934 on April 24, 2013, and the City began repaying the loan. During the year ended September 30, 2024, this loan was transferred to the Eastern Idaho Regional Sewer District (EIRSD). EIRSD will be responsible for all future payments on this bond and the City's obligation will be satisfied.

The City is required to establish at the time of the issuance of the bond a reserve fund in an amount equal to 1 year's payment of principal and interest and the City established a reserve in the amount of \$1,068,523 as of the year ended September 30, 2014. The loan requires biannual payments of principal and interest at 2.25% to be amortized over 30 years from the completion of the project. The required payments are \$534,261 due in October and April. This reserve along with the debt were transferred to EIRSD. EIRSD will repay the reserve when they have sufficient reserves.

The City has a lease agreement with John Deere to lease a 544 P Wheel Loader for 6 years beginning May 25, 2021, through May 25, 2026. The lease calls for annual payments of \$17,692 with an interest rate of 2.75% with a balloon payment of \$93,500 on May 25, 2026. The lease is subject to non-appropriation. The cost of this asset is split across the Water, Wastewater, and Street funds equally. Under GASB 87, this lease is treated as a financed purchase. The applicable portion for the proprietary funds is disclosed in that table below.

City of Ammon

Notes to Financial Statements

Note 7: Long-Term Obligations (Continued)

Following is a summary of the changes in long-term obligations for the year ended September 30, 2025, for the enterprise funds:

	Beginning Balance		Increase	Decrease	Ending Balance		Due Within One Year
	October 1, 2024				September 30, 2025		
Financed purchase	\$ 70,528	\$ -	\$ 9,858	\$ 60,670	\$ 60,670		
Refunding Bond - Water	5,778,879	-	(795,979)	4,982,900	805,640		
Lease liability	13,248	36,877	(19,330)	30,795	12,195		
Total	\$ 5,862,655	\$ 36,877	\$ (805,451)	\$ 5,074,365	\$ 878,505		

The following is a schedule of principal and interest payments on long-term debt to maturity (see Note 8 for lease payoff schedule):

Year Ended September 30,	Principal	Interest	Total
2026	\$ 866,310	\$ 59,528	\$ 925,838
2027	815,418	48,086	863,504
2028	825,314	38,189	863,503
2029	835,330	28,173	863,503
2030	845,468	18,035	863,503
2031	855,730	7,774	863,504
Total	\$ 5,043,570	\$ 199,785	\$ 5,243,355

The City has pledged future water customer revenues, net of specified operating expenses, to repay the \$4,982,900 water revenue refunding bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

Note 8: Lease Agreements

City as Lessee

The terms and expiration dates of the City's leases payable at September 30, 2025 are as follows:

Enterprise Fleet Management - Lease agreement dated February 2022 in the original principal amount of \$20,267. Due in monthly installments of \$575, including interest at 1.35% per annum. This lease expired after 36 months and was collateralized by a truck. This asset was used by the water fund.

Enterprise Fleet Management - Lease agreement dated February 2022 in the original principal amount of \$25,517. Due in monthly installments of \$724, including interest at 1.35% per annum. This lease expired after 36 months and was collateralized by a truck. This asset was used by the water and wastewater funds with half of the cost charged to each fund.

City of Ammon

Notes to Financial Statements

Note 8: Lease Agreements (Continued)

Enterprise Fleet Management - Lease agreement dated February 2022 in the original principal amount of \$25,517. Due in monthly installments of \$724, including interest at 1.35% per annum. This lease expired after 36 months and was collateralized by a truck. This asset was used by the water, wastewater, sanitation, and street funds with one quarter of the cost charged to each fund.

Enterprise Fleet Management - Lease agreement dated March 2023 in the original principal amount of \$28,081. Due in monthly installments of \$1,185, including interest at 1.35% per annum. This lease expired after 24 months and was collateralized by a truck. This asset was used by the water, wastewater, sanitation, and street funds with one quarter of the cost charged to each fund.

Enterprise Fleet Management - Lease agreement dated April 2025 in the original principal amount of \$21,714. Due in monthly installments of \$615, including interest at 1.35% per annum. This lease expires after 36 months and is collateralized by a truck. This asset is used by the water, wastewater, sanitation, and street funds with one quarter of the cost charged to each fund.

Enterprise Fleet Management - Lease agreement dated April 2025 in the original principal amount of \$20,591. Due in monthly installments of \$583, including interest at 1.35% per annum. This lease expires after 36 months and is collateralized by a truck. This asset is used by the water and wastewater funds with half of the cost charged to each fund.

The following is a schedule of changes in lease liabilities for the year:

Governmental activities:	Beginning Balance			Ending Balance		Due Within One Year
	October 1, 2024	Increase	Decrease	September 30, 2025		
2022 Ford F-150 (2)	\$ 721	\$ -	\$ (721)	\$ -	\$ -	
2025 Chevrolet 1500 (2)	-	5,429	(895)	4,534	1,795	
Total	\$ 721	\$ 5,429	\$ (1,616)	\$ 4,534	\$ 1,795	

Business activities:	Beginning Balance			Ending Balance		Due Within One Year
	October 1, 2024	Increase	Decrease	September 30, 2025		
2022 Ford F-150 (2)	\$ 5,050	\$ -	\$ (5,050)	\$ -	\$ -	
2022 Ford Ranger	2,292	-	(2,292)	-	-	
2022 F250	5,906	-	(5,906)	-	-	
2025 Chevrolet 1500 (2)	-	36,873	(6,078)	30,795	12,195	
Total	\$ 13,248	\$ 36,873	\$ (19,326)	\$ 30,795	\$ 12,195	

The following is a schedule of principal and interest payments on long-term lease to maturity:

Year Ended September 30,	Principal	Interest	Total
2026	\$ 13,990	\$ 391	\$ 14,381
2027	14,180	201	14,381
2028	7,159	28	7,187
Total	35,329	\$ 620	\$ 35,949

City of Ammon

Notes to Financial Statements

Note 9: Deficit Fund Balance

The Fiber Optic LID #1 has a deficit of \$253,851 at September 30, 2025. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic LID #5 has a deficit of \$1,233,314 at September 30, 2025. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic LID #6 has a deficit of \$2,672,519 at September 30, 2025. This amount is expected to be repaid through the collections in the LID over time.

Note 10: Fund Balance

According to Governmental Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. As of September 30, 2025, the City had restricted funds for the following projects:

<i>Projects:</i>	General Fund	Nonmajor
East Hills Development	\$ 17,457	\$ -
Development commitments	-	264,913
Total	\$ 17,457	\$ 264,913

Note 11: Ammon Urban Renewal Agency

Reporting Entity. The component unit in the government-wide financial statements includes the financial data of the Ammon Urban Renewal Agency (Agency), the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with state urban renewal law.

Summary of Significant Accounting Policies. The basis of accounting for the government-wide financial statements is the accrual basis of accounting.

Cash. Cash and cash equivalents include amounts held by U.S. Bank Trust in the First American Prime Obligations Fund. The First American Prime Obligation Fund consists of Repurchase Agreements and Treasuries that are collateralized by Treasury Securities. For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreement.

At year-end, the carrying amount and bank balance of the Agency's deposits was \$456,748.

Credit risk - The Agency's deposits at year end are limited to bank deposits with one bank.

Custodial credit risk - In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. Of the bank balances, \$250,000 was covered by federal depository insurance. As of September 30, 2025, \$206,748 of the Agency's deposits and certificates of deposit were exposed to custodial credit risk.

City of Ammon

Notes to Financial Statements

Note 11: Ammon Urban Renewal Agency (Continued)

Receivables. Receivables at year end consist of the following for the 1st Street Fund: Local property taxes of \$14,751 and Capital Improvement receivable of \$792,017 for a total of \$806,768.

Capital Improvement Reimbursement Payable/Receivable. On December 7, 2021 , the Agency entered into a Capital Improvement reimbursement agreement with Advance Creative Solutions, LLC in the amount of \$833,354. This agreement was later amended to include \$195,192 to be paid to the Heaton Family and the original agreement was amended to Advance Creative Solutions, LLC by the amount to be paid to the Heaton's. The agreement provides that the Agency will pay 70% of the revenue allocation proceeds that the Agency receives. If the amount has not been paid in full by December 31, 2040 the obligation is terminated. As the amount of the reimbursement amount is based upon property tax revenue to be received a receivable has also been booked in the same amount. As of September 30, 2025 the payable/receivable balance is \$792,017.

In 2024, the Agency entered an agreement with White Pine Charter School for a reimbursement agreement for the amount of \$356,000. The Agency would pay \$16,000 for the first 16 years. In the 17th year the charter school can receive the remaining balance up to \$100,000. As of September 30, 2025 the payable/receivable balance is \$340,000.

In 2025, the Agency entered a capital improvement reimbursement agreement with the City of Ammon in the amount of \$3,519,437. The Agency would pay \$269,437 for the first year and then \$250,000 for the next 15 years or until the commitment is paid in full. As of September 30, 2025 the payable/receivable balance is \$3,250,000.

Changes in General Long-Term Debt. A summary of the changes in the General Long-term Debt is as follows:

<i>Year Ended September 30, 2025</i>	Notes Payable	Reimbursement Payable
Balance at October 1, 2024	\$	- \$ 810,212
New agreement amounts		3,875,437
Principal payment		(303,632)
Balance at September 30, 2025	\$	- \$ 4,382,017

Economic Dependency. The Agency receives approximately 100% of its tax revenue from taxes.

Subsequent Events. Management of the Agency evaluated subsequent events through February 19, 2026, which was the date the financial statements were available to be issued. There were no subsequent type events, identified by management of the Agency, that are required to be disclosed.

Required Supplemental Information

City of Ammon

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual-

<i>Year Ended September 30, 2025</i>	General		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Property taxes	\$ 2,650,950	\$ 2,698,816	\$ 47,866
Franchise fees	182,000	184,117	2,117
Licenses and permits	105,850	101,914	(3,936)
Intergovernmental revenue	3,059,365	3,270,076	210,711
Planning	148,800	166,247	17,447
Earnings on investments	342,692	482,008	139,316
Grants and donations	-	1,000	1,000
Miscellaneous revenues	121,630	112,956	(8,674)
Total revenues	6,611,287	7,017,134	405,847
Expenditures			
Current			
Operations and maintenance	2,038,180	1,813,356	224,824
Law enforcement	2,613,598	2,579,808	33,790
Planning & zoning	274,834	257,965	16,869
Engineering	133,466	125,869	7,597
Capital outlay	123,000	116,562	6,438
Total expenditures	5,183,078	4,893,560	289,518
Revenues over expenditures	1,428,209	2,123,574	695,365
Other financing sources (uses)			
Transfers Out	(1,340,569)	(1,340,569)	-
Total other financing sources (uses)	(1,340,569)	(1,340,569)	-
Net change in fund balance	<u>\$ 87,640</u>	783,005	<u>\$ 695,365</u>
Fund balance at beginning of year		<u>11,278,944</u>	
Fund balance at end of year		<u>\$ 12,061,949</u>	

See Independent Auditor's Report.

City of Ammon

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual-

	Street		
Year Ended September 30, 2025	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Franchise fees	\$ 325,480	\$ 450,512	\$ 125,032
Intergovernmental revenue	1,043,162	1,592,044	548,882
Charges for services	-	227,125	227,125
Earnings on investments	113,334	2,859	(110,475)
Grants and awards	100,000	2,867,449	2,767,449
Miscellaneous revenues	59,300	354,086	294,786
Total revenues	1,641,276	5,494,075	3,852,799
Expenditures			
Current			
Highways and streets	1,728,762	1,508,630	220,132
Capital outlay	2,433,000	5,852,688	(3,419,688)
Total expenditures	4,161,762	7,361,318	(3,199,556)
Revenues over (under) expenditures	(2,520,486)	(1,867,243)	653,243
Other financing sources (uses)			
Transfers In	378,186	378,186	-
Total other financing sources (uses)	378,186	378,186	-
Net change in fund balance	<u>\$ (2,142,300)</u>	(1,489,057)	<u>\$ 653,243</u>
Fund balance at beginning of year		76,194	
Fund balance at end of year		<u>\$ (1,412,863)</u>	

See Independent Auditor's Report.

City of Ammon

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-

	Fiber LID #5		
Year Ended September 30, 2025	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Charges for Services	\$ -	\$ 208,012	\$ 208,012
Investment Earnings	-	75,981	75,981
Miscellaneous revenues	-	576	576
Total revenues	-	284,569	284,569
Expenditures			
Current			
Interest Expense	-	73,190	(73,190)
Total expenditures	-	73,190	(73,190)
Other financing sources (uses)			
Net change in fund balance	<u>\$ -</u>	211,379	<u>\$ 211,379</u>
Fund balance at beginning of year		<u>(1,444,693)</u>	
Fund balance at end of year		<u>\$ (1,233,314)</u>	

See Independent Auditor's Report.

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

Determined as of the Measurement Date

	2025	2024	2023	2022	2021
Employer's portion of the Net Pension Liability (Asset)	0.079060 %	0.068811 %	0.074529 %	0.071963 %	0.077600 %
Employer's proportionate share of Net Pension Liability (Asset)	1,911,795	2,573,956	2,974,186	2,834,450	(61,286)
Employer's Covered Payroll	3,834,565	3,381,078	3,168,883	2,850,023	2,783,300
Employer's Proportionate Share of the net pension liability (asset) as a percent of Covered Payroll	49.86 %	76.13 %	93.86 %	99.45 %	(2.20)%
Plan Fiduciary Net Position as a percent of Total Pension Liability	90.89 %	83.80 %	83.83 %	83.09 %	100.36 %

	2020	2019	2018	2017	2016
Employer's portion of the Net Pension Liability (Asset)	0.077370 %	0.077110 %	0.071120 %	0.066020 %	0.064340 %
Employer's proportionate share of Net Pension Liability(Asset)	1,796,636	880,145	1,049,062	1,037,718	1,304,338
Employer's Covered Payroll	2,765,392	2,618,938	2,369,811	2,050,530	1,881,846
Employer's Proportionate Share of the net pension liability(asset) as a percent of Covered Payroll	64.97 %	33.61 %	44.27 %	50.61 %	69.31 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	88.22 %	93.79 %	91.69 %	90.68 %	87.26 %

Data reported is measured as of June 30, 2025.

See Independent Auditor's Report.

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

Determined as of the Reporting Date

	2025	2024	2023	2022	2021
Statutorily Required Contribution	485,252	405,523	379,470	348,251	326,352
Contributions in Relation to the Statutorily Required Contributions	485,252	405,523	379,470	348,251	326,352
Contribution Deficiency (Excess)	0	0	0	0	0
Employer's Covered Payroll	4,057,292	3,563,947	3,225,945	2,916,677	2,733,270
Contributions as a percent of Covered Payroll	11.96 %	11.38 %	11.76 %	11.94 %	11.94 %

	2020	2019	2018	2017	2016
Statutorily Required Contributions	338,594	308,277	268,812	240,568	215,743
Contributions in Relation to the Statutorily Required Contributions	338,594	308,277	268,812	240,568	215,743
Contribution Deficiency (Excess)	0	0	0	0	0
Employer's Covered Payroll	2,824,401	2,678,343	2,354,629	2,117,587	1,898,349
Contributions as a percent of Covered Payroll	11.99 %	11.51 %	11.42 %	11.36 %	11.63 %

Data reported is measured as of September 30, 2025.

See Independent Auditor's Report.

Supplementary Information

City of Ammon

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Building Fund

The Building Fund is used to account for the operation and maintenance of the building department, the applications for licenses and permits, and payments for building permits in the City.

Fiber Optic Local Improvement District (LID) #1

Fiber Optic LID #1 is the City's installation of fiber optic in the area selected to be the initial users of City fiber optic. The subdivisions included are the Cottages, the Villas, Mountain Valley Estates, Felt and Waite, and Stonehaven. The installation was completed during the year ended September 30, 2018.

Fiber Optic Local Improvement District #2

Fiber Optic LID #2 is used to account for the City's installation of fiber optic in Cottonwood Hills, Founders Pointe, and Eagle Pointe subdivisions. The installation was completed during the year ended September 30, 2019.

Fiber Optic Local Improvement District #3

Fiber Optic LID #3 is used to account for the City's installation of fiber optic in Bridgewater, Centennial Ranch, Jennie Jean Estates, and Hawks Landing Division #1 subdivisions. The installation was completed during the year ended September 30, 2020.

Fiber Optic Local Improvement District #4

Fiber Optic LID #4 is used to account for the City's installation of fiber optic in Woodland Hills, Courtland Ridge, Highland Springs and Fox Hollow subdivisions. The installation was completed during the year ended September 30, 2021.

Fiber Optic Local Improvement District #6

Fiber Optic LID #6 is used to account for the City's installation of fiber optic in Granite Creek, Ammon Townsite Area, Trail Wood Village Area, Quail Ridge Estates Area, Hillview Village, and Hillsdale subdivisions. The installation started during the year ended September 30, 2023, but has not been completed.

Parks and Recreation Fund

The Parks and Recreation Fund is used to account for the operation and maintenance of the swimming pool, the various park facilities, the related activities and City sponsored events associated with those facilities.

City of Ammon

Combining Balance Sheet - Nonmajor Governmental Funds

<i>As of September 30, 2025</i>	Building	Fiber Optic LID #1	Fiber Optic LID #2	Fiber Optic LID #3
Assets				
Cash and investments	\$ 1,021,165	\$ 23,203	\$ 14,137	\$ 34,742
Other receivables	79,464	297,777	252,116	319,396
Total assets	\$ 1,100,629	\$ 320,980	\$ 266,253	\$ 354,138
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	-
Accrued salaries and benefits	2,373	-	-	-
Accrued interest payable	-	3,663	10,799	3,075
Deposits payable	22,483	-	-	-
Advance from general fund	-	296,969	-	-
Total liabilities	24,856	300,632	10,799	3,075
Deferred inflows of resources				
Unavailable revenues	-	274,199	233,260	293,605
Fund balances				
Restricted for				
Development commitments	-	-	-	-
Assigned for				
Other	1,075,773	-	22,194	57,458
Unassigned	-	(253,851)	-	-
Total fund balances	1,075,773	(253,851)	22,194	57,458
Total liabilities, deferred inflows of resources and fund balances	\$ 1,100,629	\$ 320,980	\$ 266,253	\$ 354,138

See Independent Auditor's Report.

City of Ammon

Combining Balance Sheet - Nonmajor Governmental Funds

<i>As of September 30, 2025</i>	Fiber Optic LID #4	Fiber Optic LID #6	Parks and Recreation	All Nonmajor Funds
Assets				
Cash and investments	\$ 10,462	\$ -	\$ 482,775	\$ 1,586,484
Other receivables	489,563	-	8,500	1,446,816
Total assets	\$ 500,025	\$ -	\$ 491,275	\$ 3,033,300
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	\$ -	\$ -	\$ 15	\$ 15
Accrued salaries and benefits	-	1,294	2,333	6,000
Accrued interest payable	1,109	97,565	-	116,211
Deposits payable	-	-	-	22,483
Advance from general fund	-	2,573,660	-	2,870,629
Total liabilities	1,109	2,672,519	2,348	3,015,338
Deferred inflows of resources				
Unavailable revenues	429,314	-	5,000	1,235,378
Fund balances				
Restricted for				
Development commitments	-	-	264,913	264,913
Assigned for				
Other	69,602	-	219,014	1,444,041
Unassigned	-	(2,672,519)	-	(2,926,370)
Total fund balances	69,602	(2,672,519)	483,927	(1,217,416)
Total liabilities, deferred inflows of resources and fund balances	\$ 500,025	\$ -	\$ 491,275	\$ 3,033,300

See Independent Auditor's Report.

City of Ammon

Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Governmental Funds

<i>Year Ended September 30, 2025</i>	Building	Fiber Optic LID #1	Fiber Optic LID #2	Fiber Optic LID #3
Revenues				
Licenses and Permits	\$ 953,592	\$ -	\$ -	\$ -
Charges for Services	-	46,011	35,882	50,927
Recreation Fees	-	-	-	-
Grants and Awards	-	-	-	-
Earnings on investments	33,356	9,772	11,913	10,053
Miscellaneous revenues	19,677	-	-	-
Total revenues	1,006,625	55,783	47,795	60,980
Expenditures				
Current:				
Building	736,141	-	-	-
Parks	-	-	-	-
Recreation	-	-	-	-
Pool	-	-	-	-
Fiber Optic LID	-	-	-	-
Debt service				
Principal and interest	-	9,512	29,079	65,129
Capital Outlay	92,361	-	-	-
Total expenditures	828,502	9,512	29,079	65,129
Revenues over (under) expenditures	178,123	46,271	18,716	(4,149)
Other financing sources (uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	178,123	46,271	18,716	(4,149)
Fund balances, beginning of year	897,650	(300,122)	3,478	61,607
Fund balances, end of year	\$ 1,075,773	\$ (253,851)	\$ 22,194	\$ 57,458

See Independent Auditor's Report.

City of Ammon

Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Governmental Funds

<i>Year Ended September 30, 2025</i>	Fiber Optic LID #4	Fiber Optic LID #6	Parks and Recreation	All Nonmajor Funds
Revenues				
Licenses and Permits	\$ -	\$ -	\$ -	\$ 953,592
Charges for Services	76,437	-	-	209,257
Recreation Fees	-	-	227,862	227,862
Grants and Awards	-	-	198,056	198,056
Earnings on investments	13,917	-	-	79,011
Miscellaneous revenues	-	-	85,825	105,502
Total revenues	90,354	-	511,743	1,773,280
Expenditures				
Current:				
Building	-	-	-	736,141
Parks	-	-	407,110	407,110
Recreation	-	-	287,078	287,078
Pool	-	-	181,535	181,535
Fiber Optic LID	-	594,792	-	594,792
Debt service				
Principal and interest	77,884	66,382	-	247,986
Capital Outlay	-	335,138	139,226	566,725
Total expenditures	77,884	996,312	1,014,949	3,021,367
Revenues over (under) expenditures	12,470	(996,312)	(503,206)	(1,248,087)
Other financing sources (uses)				
Transfers in	-	-	962,383	962,383
Total other financing sources (uses)	-	-	962,383	962,383
Net change in fund balances	12,470	(996,312)	459,177	(285,704)
Fund balances, beginning of year	57,132	(1,676,207)	24,750	(931,712)
Fund balances, end of year	\$ 69,602	\$ (2,672,519)	\$ 483,927	\$ (1,217,416)

See Independent Auditor's Report.

City of Ammon
Combining Statement of Fund Net Position
Nonmajor Proprietary Funds

<i>As of September 30, 2025</i>	Pressurized Irrigation	Fiber Optic	All Nonmajor Funds
Assets			
Current assets			
Cash and investments	\$ (8,112)	\$ 346,845	\$ 338,733
Accounts receivable	5,389	174,914	180,303
Total current assets	(2,723)	521,759	519,036
Noncurrent			
Capital assets			
Depreciable capital assets, net	23,687	2,992,093	3,015,780
Total noncurrent assets	23,687	2,992,093	3,015,780
Total assets	20,964	3,513,852	3,534,816
Deferred outflow of resources			
Related to pensions	-	22,995	22,995
Total assets and deferred outflow of resources	20,964	3,536,847	3,557,811
Liabilities			
Current			
Accrued salaries and benefits	-	2,288	2,288
Accrued interest payable	-	12,677	12,677
Deposit payable	-	300	300
Total current liabilities	-	15,265	15,265
Noncurrent			
Interfund payable	-	233,360	233,360
Pension Liability	-	275,565	275,565
Total noncurrent liabilities	-	508,925	508,925
Total liabilities	-	524,190	524,190
Related to pensions	-	66,211	66,211
Net Position (deficit)			
Net investment in capital assets	23,687	2,992,093	3,015,780
Restricted	-	259,902	259,902
Unrestricted	(2,723)	(305,549)	(308,272)
Total net position (deficit)	\$ 20,964	\$ 2,946,446	\$ 2,967,410

See Independent Auditor's Report.

City of Ammon

Combining Statement of Revenues, Expenses and Changes In Fund Net Position

Nonmajor Proprietary Funds

<i>Year Ended September 30, 2025</i>	Pressurized Irrigation	Fiber Optic	All Nonmajor Funds
Operating revenues			
Charges for Services	\$ 49,726	\$ 1,082,476	\$ 1,132,202
Connection Fees	-	206,225	206,225
Penalties	-	142	142
Miscellaneous	-	92,567	92,567
Total operating revenues	49,726	1,381,410	1,431,136
Operating expenses			
Operations and Maintenance	43,543	538,923	582,466
Salaries and Benefits	-	493,378	493,378
Depreciation	1,247	242,869	244,116
Total operating expenses	44,790	1,275,170	1,319,960
Operating income (loss)	4,936	106,240	111,176
Non-operating revenues (expenses)			
Grants	-	25,000	25,000
Earnings on Investments	393	14,472	14,865
Total non-operating revenues (expenses)	393	39,472	39,865
Change in net position	5,329	145,712	151,041
Net position, beginning of year	15,635	2,800,734	2,816,369
Net position (deficit), end of year	\$ 20,964	\$ 2,946,446	\$ 2,967,410

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Ammon
Ammon, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Ammon, as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise the City of Ammon's basic financial statements, and have issued our report thereon dated February 19, 2026. Our report includes a reference to other auditors who audited the financial statements of Ammon Urban Renewal Agency, the discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ammon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ammon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ammon'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 reasonable possibility that a material misstatement of the City of Ammon's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ammon'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 financial statements. 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 City of Ammon'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 City of Ammon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Idaho Falls, Idaho

February 19, 2026