

# City of Ammon

Ammon, Idaho

Annual Financial Report

Year Ended September 30, 2023



# City of Ammon

Year Ended September 30, 2023

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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, 2023, 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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 March 28, 2024 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

March 28, 2024

# **Management's Discussion and Analysis**

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# City of Ammon

## Management's Discussion and Analysis

September 30, 2023

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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, 2023. 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 \$67,512,762 (net position). Of this amount, \$6,287,740 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$2,456,411 in comparison with the prior year mainly due to decreases in costs in the enterprise funds, and increases in the wastewater and fiber service collections.
- At the close of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$14,056,880, an increase by \$293,679 in comparison to the prior year.
- At the end of fiscal year 2023, the unassigned fund balance in the General Fund was \$9,495,415.

### 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, 2023

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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 Parks and Recreation). 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, 2023

The proprietary fund financial statements provide separate information for the Water, Wastewater, and Fiber Optic 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 \$67,512,762 for FY2023.

The following table provides a summary of the City's net position for 2023 compared to 2022:

	2023	2022	2023	2022
	Governmental	Governmental	Business-Type	Business-Type
	Activities	Activities	Activities	Activities
Current and other assets	\$ 19,362,851	\$ 19,139,139	\$ 11,302,869	\$ 14,072,404
Capital assets	19,944,101	20,047,371	46,794,409	43,202,346
<b>Total assets</b>	<b>39,306,952</b>	<b>39,186,510</b>	<b>58,097,278</b>	<b>57,274,750</b>
Deferred outflows of resources	766,922	992,917	414,790	530,174
<b>Total assets and deferred outflows of resources</b>	<b>40,073,874</b>	<b>40,179,427</b>	<b>58,512,068</b>	<b>57,804,924</b>
Current and other liabilities	3,624,844	3,245,026	261,625	576,047
Long-term liabilities	3,498,617	3,720,189	23,688,094	25,374,086
<b>Total liabilities</b>	<b>7,123,461</b>	<b>6,965,215</b>	<b>23,949,719</b>	<b>25,950,133</b>
Deferred inflows of resources	-	8,489	-	4,163
<b>Total liabilities and deferred inflows of resources</b>	<b>7,123,461</b>	<b>6,973,704</b>	<b>23,949,719</b>	<b>25,954,296</b>
<b>Net position</b>				
Net investment in capital assets	18,440,346	18,229,539	40,100,574	35,757,389
Restricted	1,491,814	891,889	1,192,288	1,068,523
Unrestricted	13,018,253	14,084,295	(6,730,513)	(4,975,284)
<b>Total net position</b>	<b>\$ 32,950,413</b>	<b>\$ 33,205,723</b>	<b>\$ 34,562,349</b>	<b>\$ 31,850,628</b>

# City of Ammon

## Management's Discussion and Analysis

September 30, 2023

The restricted portion of the City's net position, \$2,684,102, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,287,740, 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 for 2 of the 3 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 similarly for 2 of the 3 business-type activities.

The net position of the City, as a whole, increased by \$2,456,411 from \$65,056,351 at September 30, 2022, to \$67,512,762 at September 30, 2023. Governmental activities decreased \$255,310 over the prior year while business-type activities increased \$2,711,721 over the same period.

**Governmental Activities.** Governmental activities decreased the City's net position by \$255,310. Key elements of this decreased 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 decrease in charges for services due to economic factors that slowed growth.

The following table shows the changes in net position for fiscal years 2023 and 2022:

	2022	2023	2022	2023
	Governmental	Governmental	Business-Type	Business-Type
	Activities	Activities	Activities	Activities
Revenues:				
Program revenues:				
Charges for services	\$ 1,982,076	\$ 1,245,811	\$ 10,260,032	\$ 10,186,001
Operating grants and contributions	87,654	24,400	-	-
Capital grants and contributions	-	-	3,561,842	151,817
General revenues:				
Property taxes	2,332,808	2,417,695	-	-
Intergovernmental revenues	3,990,708	4,306,282	-	-
Unrestricted investment earnings (loss)	(236,519)	617,424	(433,949)	373,970
Miscellaneous	560,976	610,371	-	-
<b>Total revenues</b>	<b>\$ 8,717,703</b>	<b>\$ 9,221,983</b>	<b>\$ 13,387,925</b>	<b>\$ 10,711,788</b>

# City of Ammon

## Management's Discussion and Analysis

September 30, 2023

	2022	2023	2022	2023
	Governmental	Governmental	Business-Type	Business-Type
	Activities	Activities	Activities	Activities
<b>Expenses:</b>				
General government	\$ 1,603,712	\$ 1,842,071	\$ -	\$ -
Law enforcement	1,889,452	2,119,466	-	-
Fire protection	129,969	123,739	-	-
Planning and zoning	183,065	221,679	-	-
Engineering	137,695	138,448	-	-
Building	586,571	643,097	-	-
Parks	504,001	576,048	-	-
Recreation	254,492	284,849	-	-
Pool	222,237	303,666	-	-
Highway and streets	2,079,020	2,297,658	-	-
Fiber optic LID	865,095	926,572	-	-
Water	-	-	2,747,548	2,821,434
Wastewater	-	-	6,106,461	3,365,074
Sanitation	-	-	583,777	819,285
Fiber optic	-	-	866,229	984,926
Pressurized irrigation	-	-	-	9,348
<b>Total expenses</b>	<b>8,455,309</b>	<b>9,477,293</b>	<b>10,304,015</b>	<b>8,000,067</b>
Change in net position	\$ 262,394	\$ (255,310)	\$ 3,083,910	\$ 2,711,721

### Business-Type Activities

Business-type operating activities increased the City's net position by \$2,711,721. Key elements of this increase are as follows:

- Continued strength in charges for services and interest earnings ignoring market adjustments.
- Total expenses decreased by \$2,303,948 for the year ended September 30, 2023 due to no ARPA funding in the CY, which reduced non-operating projects.

### **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, 2023

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$14,056,880, an increase of \$293,679 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, the unassigned fund balance of the general fund was \$9,495,415, which is approximately 73.4% of the total fund balance. 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 \$118,362 during the current fiscal year. The key factors in this are:

- Revenues increased by \$1,008,970 which stems from continued strength in property tax collections and market fluctuations which caused an investment loss in 2022, but a gain of \$414,609 in 2023.
- Expenditures increased 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, 2023, amounted to \$34,334,488. The total increase in net position for the funds including the internal services fund was \$2,711,721. 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 2022-2023 Governmental Fund budget, but did amend the 2022-2023 budget for the Water, Wastewater, and Technology funds.

	Budgeted	Expended
General government	\$ 3,344,051	\$ 2,236,126
Enforcement	2,069,641	2,119,466
Building	671,984	597,007
Parks and recreation	1,414,609	1,382,163
Sanitation	1,490,330	819,153
Wastewater	4,224,872	3,000,332
Street	3,026,528	1,819,962
Water	2,844,135	2,739,252
Pressurized irrigation	10,000	9,289
Technology	602,971	621,242
Fiber optic	3,291,404	984,438
Fiber optic LID	-	1,235,207
<b>Total expenditures/expenses</b>	<b>\$ 22,990,525</b>	<b>\$ 17,563,637</b>

# City of Ammon

## Management's Discussion and Analysis

September 30, 2023

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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 expended funds are less than the budgetary funds in the Fiber Optic Department because infrastructure and other expenditures related to the Fiber Optic LIDs are budgeted to be spent in the fiber department who oversees the LIDs. The Parks Department did not expend a portion of what was budgeted to them, choosing instead to wait on certain expenditures, thus they underspent compared with their budget.

The Street department came in less than budget as part of a budget tool to save for future infrastructure, and because the grant that is anticipated for road expansion was delayed due to the need for a right of way access 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, 2023, amounts to \$66,738,510 (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. Under the new GASB 96 standard, 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 3 of the financial statements.

Major capital transactions/events during the year were:

- The City is working on its fifth Fiber Local Improvement District (LID) which will pass almost 1,200 homes and add 560 participants to the network. LID # 5 includes north Centennial subdivision, Briar Creek, north Tie Breaker, Georgia to Sunnyside, and Rawson. Over half of the City now has access to the municipal fiber system. Fiber LID # 6 started, it includes Quail Ridge, Trailwood Village, Hillsdale, Hillview Village, Ammon Townsite, and Granite Creek.
- There are over 2,000 homes and businesses connected on the Ammon fiber. Residents have five 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 becoming more common.
- The City of Ammon had several successful events, the Icy Inferno (bonfire to burn donated used Christmas trees), Freezin for a Reason (Polar plunge fund raiser for the pool), 4th of July fireworks, Movies in the Park, Ammon Days, Mayor's Community Service Awards, Pumpkin Walk, and the Winter Lightapalooza (the Winter Light Parade and McCowin Park lighting).
- The City of Ammon has grown, and we have added staff and equipment. We started the construction for a

# City of Ammon

## Management's Discussion and Analysis

September 30, 2023

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City Hall addition and remodel, and a new Sanitation Building.

- Ammon purchases street right of ways and water rights as they become available.
- Used a grant to build the 21st Street pathway between Crowley Rd and Fieldstone Dr.
- The Planning Department processed 41 applications total that included commercial site plans, annexations, preliminary and final plats, and rezones. 170 residential site plans were reviewed as part of the building permit process.
- Successfully hosted a series of farmer's markets in Ammon over the summer time.
- New parking lot paved and striped at Sandcreek Park.
- Added bike lanes and other markings to Owen Street, transforming the safety and functionality of Owen.
- Completed Pump Station # 13, providing water service to southern Ammon and improving water pressure.
- Completed two major wastewater projects, one on Ammon Road and one on 45th East and 21st Street, these helped eliminate wastewater lift stations and improved wastewater flow.

### Debt Administration

At September 30, 2023, the City had \$24,212,525 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 \$16,993,012. See Note 6 for details of debt.

### Economic Factors and Next Year's Budget and Rates

Inflation is more stable than the last couple of years. Interest rates increased several times in 2023 and home values increased in Ammon, making it challenging for new homeowners. For example, in 2021 a person could get a 30-year mortgage at 2.96%, if the loan amount was \$399,999, the monthly mortgage payment would be \$1,677.80, the total interest paid would be \$204,007 and the total cost of the loan would be \$604,006. Compared to 2023, the same 30-year mortgage is now at 7.7%, if the loan amount was \$399,999, the monthly mortgage payment would be \$2,851.83, the total interest paid would be \$626,661 and the total cost of the loan is \$1,026,660.

The City of Ammon property tax levy has reduced every year since 2015, we have one of the lowest property tax rates in the state and region. The 2023 Ammon property tax levy is .001106464, meaning that for every \$100,000 of taxable property value, the City of Ammon tax rate is \$110.65. The main reason for the property tax rate reducing each year is because the value of Ammon has increased at such a rapid rate, and property taxes can only increase by a max of 3% of the dollar value.

With the high inflation of the past few years, utility rates are being evaluated and updated. 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 2024 will be funded with grants.

# City of Ammon

## Management's Discussion and Analysis

September 30, 2023

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### 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 1<sup>st</sup> 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.

### 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>Year Ended September 30, 2023</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 16,205,530	\$ 10,552,766	\$ 26,758,296	\$ 476,953
Receivables				
Property taxes	74,625	-	74,625	-
Intergovernmental	924,317	-	924,317	-
Accounts receivable	-	905,858	905,858	-
Other	2,002,624	-	2,002,624	827,285
Internal balances	155,755	(155,755)	-	-
Capital assets				
Nondepreciable assets	2,417,817	10,584,679	13,002,496	-
Depreciable assets, net	17,523,351	36,160,290	53,683,641	-
Right of use asset, net	2,933	49,440	52,373	-
<b>Total assets</b>	<b>39,306,952</b>	<b>58,097,278</b>	<b>97,404,230</b>	<b>1,304,238</b>
<b>Deferred outflow of resources</b>				
Related to pensions	766,922	414,790	1,181,712	-
<b>Liabilities</b>				
Current liabilities				
Accounts Payable	3,228,005	-	3,228,005	-
Accrued salaries and benefits	185,692	101,237	286,929	-
Deposits payable	4,783	-	4,783	-
Compensated absences	88,483	-	88,483	-
Customer deposits	-	126,765	126,765	-
Accrued interest	117,881	33,623	151,504	-
Noncurrent liabilities				
Pension Liability	1,994,862	979,324	2,974,186	-
Due within one year	146,897	16,846,115	16,993,012	-
Due in more than one year	1,356,858	5,862,655	7,219,513	4,036,025
<b>Total liabilities</b>	<b>7,123,461</b>	<b>23,949,719</b>	<b>31,073,180</b>	<b>4,036,025</b>
<b>Net position</b>				
Net investment in capital assets	18,440,346	40,100,574	58,540,920	-
Restricted				
East Hills	15,873	-	15,873	-
Development commitments	1,475,941	123,765	1,599,706	-
Debt service	-	1,068,523	1,068,523	-
Unrestricted	13,018,253	(6,730,513)	6,287,740	(2,731,787)
<b>Total net position</b>	<b>\$ 32,950,413</b>	<b>\$ 34,562,349</b>	<b>\$ 67,512,762</b>	<b>\$ (2,731,787)</b>

The accompanying notes are integral to this financial statement

# City of Ammon

## Statement of Activities

Year Ended September 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit	
Governmental activities									
General government	\$ 1,842,071	\$ 64,832	\$ -	\$ -	\$ (1,777,239)	\$ -	\$ (1,777,239)	\$ -	
Law enforcement	2,119,466	7,950	-	-	(2,111,516)	-	(2,111,516)	-	
Fire protection	123,739	30,978	1,150	-	(91,611)	-	(91,611)	-	
Planning & zoning	221,679	47,584	-	-	(174,095)	-	(174,095)	-	
Engineering	138,448	500	-	-	(137,948)	-	(137,948)	-	
Buildings	643,097	548,048	-	-	(95,049)	-	(95,049)	-	
Parks	576,048	276,660	-	-	(299,388)	-	(299,388)	-	
Recreation	284,849	88,176	-	-	(196,673)	-	(196,673)	-	
Pool	303,666	111,493	-	-	(192,173)	-	(192,173)	-	
Highway and streets	2,297,658	68,929	-	-	(2,228,729)	-	(2,228,729)	-	
Fiber optic LID	926,572	661	23,250	-	(902,661)	-	(902,661)	-	
Total governmental activities	9,477,293	1,245,811	24,400	-	(8,207,082)	-	(8,207,082)	-	
Business-type activities									
Water	2,821,434	4,207,311	-	113,659	-	1,499,536	1,499,536	-	
Wastewater	3,365,074	4,302,759	-	-	-	937,685	937,685	-	
Sanitation	819,285	751,830	-	-	-	(67,455)	(67,455)	-	
Fiber optic	984,926	921,885	-	38,158	-	(24,883)	(24,883)	-	
Pressurized irrigation	9,348	2,216	-	-	-	(7,132)	(7,132)	-	
Total business-type activities	8,000,067	10,186,001	-	151,817	-	2,337,751	2,337,751	-	
Total primary government	\$ 17,477,360	\$ 11,431,812	\$ 24,400	\$ 151,817	(8,207,082)	2,337,751	(5,869,331)	-	
Component unit									
Ammon urban renewal district	\$ 110,490	\$ -	\$ -	\$ -	-	-	-	(110,490)	
Total component unit	\$ 110,490	\$ -	\$ -	\$ -	-	-	-	\$ (110,490)	
<b>General revenues</b>									
					2,417,695	-	2,417,695	336,198	
					519,834	-	519,834	-	
					4,306,282	-	4,306,282	-	
					90,537	-	90,537	-	
					617,424	373,970	991,394	-	
					<b>Total general revenues</b>	<b>7,951,772</b>	<b>373,970</b>	<b>8,325,742</b>	<b>336,198</b>
						(255,310)	2,711,721	2,456,411	225,708
						<b>Net position, beginning</b>	<b>33,205,723</b>	<b>31,850,628</b>	<b>65,056,351</b>
						<b>Net position, ending</b>	<b>\$ 32,950,413</b>	<b>\$ 34,562,349</b>	<b>\$ 67,512,762</b>
							<b>\$ (2,731,787)</b>		

The accompanying notes are integral to this financial statement

# City of Ammon

## Balance Sheet - Governmental Funds

<i>September 30, 2023</i>	<b>General</b>	<b>Street</b>	<b>Parks and Recreation</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Assets</b>					
Cash and investments	\$ 11,541,998	\$ 3,422,343	\$ 82,082	\$ 854,426	\$ 15,900,849
Receivables					
Property taxes	74,625	-	-	-	74,625
Intergovernmental	563,709	360,608	-	-	924,317
Interfund	9,616	-	-	-	9,616
Other	132,338	32,961	26,332	1,810,993	2,002,624
Advance to LID funds	2,767,382	-	-	-	2,767,382
Advance to fiber fund	374,000	-	-	-	374,000
<b>Total assets</b>	<b>\$ 15,463,668</b>	<b>\$ 3,815,912</b>	<b>\$ 108,414</b>	<b>\$ 2,665,419</b>	<b>\$ 22,053,413</b>
<b>Liabilities, Deferred inflows of resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,379,989	\$ 848,016	\$ -	\$ -	\$ 3,228,005
Accrued salaries and benefits	88,564	15,911	10,090	37,776	152,341
Accrued interest payable	-	-	-	90,969	90,969
Deposits payable	-	-	-	4,783	4,783
Advance from general fund	-	-	-	2,767,382	2,767,382
<b>Total liabilities</b>	<b>2,468,553</b>	<b>863,927</b>	<b>10,090</b>	<b>2,900,910</b>	<b>6,243,480</b>
<b>Deferred inflow of resources</b>					
Unavailable revenues	61,394	-	35,033	1,656,626	1,753,053
<b>Fund balances</b>					
Nonspendable					
Interfund loans	3,141,382	-	-	-	3,141,382
Restricted for					
East Hills	15,873	-	-	-	15,873
Development commitments	3,020	1,404,847	63,291	4,783	1,475,941
Committed for					
Street projects	-	1,547,138	-	-	1,547,138
Fire department	278,031	-	-	-	278,031
Other	-	-	-	864,705	864,705
Unassigned	9,495,415	-	-	(2,761,605)	6,733,810
<b>Total fund balances</b>	<b>12,933,721</b>	<b>2,951,985</b>	<b>63,291</b>	<b>(1,892,117)</b>	<b>14,056,880</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,463,668</b>	<b>\$ 3,815,912</b>	<b>\$ 108,414</b>	<b>\$ 2,665,419</b>	<b>\$ 22,053,413</b>

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

September 30, 2023

Total fund balances - governmental funds \$ 14,056,880

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. 19,811,459

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. 1,753,053

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

Compensated absences	\$(88,483)	
Accrued interest	(26,912)	
Lease liability	(2,867)	
Notes payable	(1,482,822)	
Premium on note payable	<u>(18,066)</u>	
		(1,619,150)

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 \$1,994,862, deferred inflows of resources related to pensions is \$-, and deferred outflows of resources related to pensions is \$766,922. (1,227,940)

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. 176,111

**Net position - governmental activities, per statement of net position** **\$ 32,950,413**

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, 2023</i>	<b>General</b>	<b>Street</b>	<b>Parks and Recreation</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Revenues</b>					
Property Taxes	\$ 2,414,033	\$ -	\$ -	\$ -	\$ 2,414,033
Franchise fees	188,205	331,629	-	-	519,834
Licenses and Permits	103,760	-	-	548,048	651,808
Intergovernmental revenue	3,025,672	1,280,610	-	-	4,306,282
Planning	48,084	68,929	173,580	250,983	541,576
Recreation Fees	-	-	199,669	-	199,669
Earnings on Investments	414,609	122,184	-	80,631	617,424
Grants and donations	24,400	-	214,967	-	239,367
Miscellaneous revenues	74,244	13,276	103,339	2,758	193,617
<b>Total revenues</b>	<b>6,293,007</b>	<b>1,816,628</b>	<b>691,555</b>	<b>882,420</b>	<b>9,683,610</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	1,875,999	-	-	-	1,875,999
Law enforcement	2,119,466	-	-	-	2,119,466
Planning & zoning	221,679	-	-	-	221,679
Engineering	138,448	-	-	-	138,448
Building	-	-	-	597,007	597,007
Parks	-	-	793,648	-	793,648
Recreation	-	-	284,849	-	284,849
Pool	-	-	303,666	-	303,666
Highways and streets	-	1,811,893	-	-	1,811,893
Fiber optic LID	-	-	-	1,235,207	1,235,207
Debt Service					
Principal payments	-	6,912	-	-	6,912
Interest Expense	-	1,157	-	-	1,157
<b>Total expenditures</b>	<b>4,355,592</b>	<b>1,819,962</b>	<b>1,382,163</b>	<b>1,832,214</b>	<b>9,389,931</b>
<b>Revenues over (under) expenditures</b>	<b>1,937,415</b>	<b>(3,334)</b>	<b>(690,608)</b>	<b>(949,794)</b>	<b>293,679</b>
<b>Other financing sources (uses)</b>					
Transfers Out	(1,819,053)	1,091,844	727,209	-	-
<b>Total other financing sources (uses)</b>	<b>(1,819,053)</b>	<b>1,091,844</b>	<b>727,209</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>118,362</b>	<b>1,088,510</b>	<b>36,601</b>	<b>(949,794)</b>	<b>293,679</b>
<b>Fund balances, beginning of year</b>	<b>12,815,359</b>	<b>1,863,475</b>	<b>26,690</b>	<b>(942,323)</b>	<b>13,763,201</b>
<b>Fund balances, end of year</b>	<b>\$ 12,933,721</b>	<b>\$ 2,951,985</b>	<b>\$ 63,291</b>	<b>\$ (1,892,117)</b>	<b>\$ 14,056,880</b>

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 September 30, 2023

<b>Net change in fund balances - governmental funds</b>	\$	293,679
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital outlay, including right of use assets	\$1,272,928	
Depreciation and amortization expense	<u>(1,356,939)</u>	(84,011)
<p>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.</p>		
		(461,627)
<p>Compensated absences are expensed as used in the governmental funds. However, they are expensed as earned on the statement of activities.</p>		
		(8,015)
<p>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.</p>		
		8,068
<p>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 \$92,505. The change in deferred outflows of resources related to pensions is \$(225,995). The change in deferred inflows of resources related to pensions is \$(8,489).</p>		
		(310,011)
<p>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.</p>		
		308,635
<p>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.</p>		
		<u>(2,028)</u>
<b>Change in net position of governmental activities</b>	\$	<b>(255,310)</b>

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, 2023</i>	<b>Business-Type Activities</b>					<b>Governmental</b>
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Fiber Optic Fund</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets</b>						
Current						
Investments	\$ 1,669,844	\$ 6,201,126	\$ 407,691	\$ 2,274,105	\$ 10,552,766	\$ 304,681
Accounts Receivable	444,267	312,779	93,438	55,374	905,858	-
<b>Total current assets</b>	<b>2,114,111</b>	<b>6,513,905</b>	<b>501,129</b>	<b>2,329,479</b>	<b>11,458,624</b>	<b>304,681</b>
Noncurrent						
Capital assets						
Nondepreciable assets	7,275,766	2,329,775	-	979,138	10,584,679	-
Depreciable assets, net	23,361,502	9,414,154	3,076,453	308,181	36,160,290	132,642
Right of use asset, net	17,817	28,690	-	2,933	49,440	-
<b>Total noncurrent assets</b>	<b>30,655,085</b>	<b>11,772,619</b>	<b>3,076,453</b>	<b>1,290,252</b>	<b>46,794,409</b>	<b>132,642</b>
<b>Total assets</b>	<b>32,769,196</b>	<b>18,286,524</b>	<b>3,577,582</b>	<b>3,619,731</b>	<b>58,253,033</b>	<b>437,323</b>
<b>Deferred outflow of resources</b>						
Related to pensions	148,145	79,150	114,924	72,571	414,790	-
<b>Liabilities and net position</b>						
Current						
Accrued salaries and benefits	46,793	21,524	15,471	17,449	101,237	33,351
Accrued interest payable	33,223	398	-	2	33,623	-
Deposits payable	120,555	1,290	-	4,920	126,765	-
Lease liability - current	13,253	20,477	-	2,146	35,876	-
Long-term debt - current	791,230	16,019,009	-	-	16,810,239	-
<b>Total current liabilities</b>	<b>1,005,054</b>	<b>16,062,698</b>	<b>15,471</b>	<b>24,517</b>	<b>17,107,740</b>	<b>33,351</b>
Noncurrent						
Pension liability	341,260	145,915	385,371	106,778	979,324	-
Interfund payable	-	-	374,000	9,616	383,616	-
Lease liability	4,457	8,070	-	721	13,248	-
Long-term debt	5,814,143	35,264	-	-	5,849,407	-
<b>Total noncurrent liabilities</b>	<b>6,159,860</b>	<b>189,249</b>	<b>759,371</b>	<b>117,115</b>	<b>7,225,595</b>	<b>-</b>
<b>Total liabilities</b>	<b>7,164,914</b>	<b>16,251,947</b>	<b>774,842</b>	<b>141,632</b>	<b>24,333,335</b>	<b>33,351</b>

# City of Ammon, Idaho

## Statement of Fund Net Position Proprietary Funds (Continued)

<i>As of September 30, 2023</i>	<b>Business-Type Activities</b>				<b>Total</b>	<b>Governmental</b>
	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Fiber Optic Fund</b>	<b>Nonmajor Funds</b>		<b>Internal Service Funds</b>
Net position						
Net investment in capital assets	\$ 24,032,002	\$ 11,704,013	\$ 3,076,453	\$ 1,288,106	\$ 40,100,574	\$ 132,642
Restricted	120,555	1,069,813	-	1,920	1,192,288	-
Unrestricted	1,599,870	(10,660,099)	(158,789)	2,260,644	(6,958,374)	271,330
<b>Total net position</b>	<b>\$ 25,752,427</b>	<b>\$ 2,113,727</b>	<b>\$ 2,917,664</b>	<b>\$ 3,550,670</b>	<b>34,334,488</b>	<b>\$ 403,972</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					227,861	
<b>Net position of business-type activities</b>					<b>\$ 34,562,349</b>	

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, 2023</i>	Business-Type Activities					Governmental
	Water Fund	Wastewater Fund	Fiber Optic Fund	Nonmajor Funds	Total	Internal Service Funds
<b>Operating revenues</b>						
Charges for Services	\$ 3,504,973	\$ 4,141,159	\$ 864,191	\$ 751,830	\$ 9,262,153	\$ 598,171
Connection Fees	555,552	161,600	-	-	717,152	-
Penalties	34,064	-	164	-	34,228	-
Miscellaneous	112,722	-	57,530	2,216	172,468	-
<b>Total operating revenues</b>	<b>4,207,311</b>	<b>4,302,759</b>	<b>921,885</b>	<b>754,046</b>	<b>10,186,001</b>	<b>598,171</b>
<b>Operating expenses</b>						
Power	326,252	14,098	-	-	340,350	-
Treatment	-	1,044,642	-	-	1,044,642	-
Operations and Maintenance	830,336	1,124,509	440,335	415,412	2,810,592	252,416
Salaries and Benefits	659,983	424,035	326,534	304,265	1,714,817	326,117
Depreciation	922,681	393,048	217,569	108,765	1,642,063	42,709
<b>Total operating expenses</b>	<b>2,739,252</b>	<b>3,000,332</b>	<b>984,438</b>	<b>828,442</b>	<b>7,552,464</b>	<b>621,242</b>
<b>Operating income (loss)</b>	<b>1,468,059</b>	<b>1,302,427</b>	<b>(62,553)</b>	<b>(74,396)</b>	<b>2,633,537</b>	<b>(23,071)</b>
<b>Non-operating revenues (expenses)</b>						
Grants and Awards	113,659	-	38,158	-	151,817	-
Earnings on Investments	38,556	225,411	10,406	99,597	373,970	19,193
Interest Expense	(81,472)	(364,317)	-	36	(445,753)	-
<b>Total non-operating revenues (expenses)</b>	<b>70,743</b>	<b>(138,906)</b>	<b>48,564</b>	<b>99,633</b>	<b>80,034</b>	<b>19,193</b>
<b>Change in net position</b>	<b>1,538,802</b>	<b>1,163,521</b>	<b>(13,989)</b>	<b>25,237</b>	<b>2,713,571</b>	<b>(3,878)</b>
<b>Net position, beginning of year</b>	<b>24,213,625</b>	<b>950,206</b>	<b>2,931,653</b>	<b>3,525,433</b>	<b>31,620,917</b>	<b>407,850</b>
<b>Net position, end of year</b>	<b>\$25,752,427</b>	<b>\$ 2,113,727</b>	<b>\$ 2,917,664</b>	<b>\$ 3,550,670</b>	<b>\$ 34,334,488</b>	<b>\$ 403,972</b>
Change in net position - enterprise funds					\$ 2,713,571	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(1,850)	
<b>Change in net position of business-type activities</b>					<b>\$ 2,711,721</b>	

The accompanying notes are integral to this financial statement

# City of Ammon

## Statement of Cash Flows - Proprietary Funds

<i>Year Ended September 30, 2023</i>	Business-type Activities				Governmental Activities	
	Water Fund	Wastewater Fund	Fiber Optic Fund	Nonmajor Funds	Totals	Internal Service Funds
	Cash flows from operating activities					
Cash received from customers	\$ 4,549,530	\$ 4,330,662	\$ 862,407	\$ 740,684	\$ 10,483,283	\$ 598,171
Cash payments to suppliers for goods and services	(1,156,588)	(2,183,249)	(440,335)	(415,412)	(4,195,584)	(252,416)
Cash payments to employees for services provided	(598,819)	(394,342)	(257,433)	(287,357)	(1,537,951)	(322,333)
Net cash from operating activities	2,794,123	1,753,071	164,639	37,915	4,749,748	23,422
Cash flows from non-capital financing activities						
Proceeds (payments) on loans	(13,075)	-	(55,600)	-	(68,675)	-
Net cash from non-capital financing activities	(13,075)	-	(55,600)	-	(68,675)	-
Cash flows from capital and related financing activities						
Purchase of property, plant, and equipment	(1,902,096)	(2,269,197)	(95,378)	(943,985)	(5,210,656)	(20,869)
Interest paid on long-term debt	(87,017)	(661,234)	-	-	(748,251)	-
Principal paid on long-term debt	(781,674)	(961,944)	-	-	(1,743,618)	-
proceeds from capital grants	113,659	-	-	-	113,659	-
Net cash from capital and related financing activities	(2,657,128)	(3,892,375)	(95,378)	(943,985)	(7,588,866)	(20,869)
Cash flows from investing activities						
Sale (purchase) of investments	(162,476)	1,913,893	(24,067)	806,438	2,533,788	(21,746)
Interest income	38,556	225,411	10,406	99,597	373,970	19,193
Interest paid	-	-	-	35	35	-
Net cash from investing activities	(123,920)	2,139,304	(13,661)	906,070	2,907,793	(2,553)
Net change in cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are integral to this financial statement

# City of Ammon

## Statement of Cash Flows - Proprietary Funds (Continued)

<i>Year Ended September 30, 2023</i>	Business-type Activities					Governmental Activities
	Water Fund	Wastewater Fund	Fiber Optic Fund	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income	\$ 1,468,059	\$ 1,302,427	\$ (62,553)	\$ (74,396)	\$ 2,633,537	\$ (23,071)
Adjustment to reconcile operating income to net cash flows from operating activities:						
Depreciation	922,681	393,048	217,569	108,765	1,642,063	42,709
Decrease (increase) in accounts receivable	332,584	28,173	(59,478)	(11,782)	289,497	-
Increase (decrease) in accrued salaries and benefits	9,698	5,296	2,414	1,006	18,414	3,784
Increase (decrease) in deposits payable	9,635	(270)	-	(1,580)	7,785	-
Increase (decrease) in GASB 68 items	51,466	24,397	66,687	15,902	158,452	-
Net cash provided by operating activities	\$ 2,794,123	\$ 1,753,071	\$ 164,639	\$ 37,915	\$ 4,749,748	\$ 23,422

The accompanying notes are integral to this financial statement

# City of Ammon

## Notes to Financial Statements

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### 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 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.

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.

# City of Ammon

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

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:

**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.

# City of Ammon

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Basis of Presentation (Continued)

**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.

**Parks & Recreation Funds** – These funds are used to account for funds received and expended for the City parks and other recreational facilities of the City.

The City has seven nonmajor governmental funds. These include the Building Fund, and Fiber Optic Local Improvement Districts (LIDs) #1, #2, #3, #4, #5, and #6. See additional information on these funds in the supplementary financial information section on page 60.

#### 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, and maintenance of the wastewater system, administration of the debt related to providing wastewater services, and billing and collection activities.

**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.

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

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

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

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.

# City of Ammon

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Basis of Presentation** (Continued)

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 financials 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.

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 capital leases are reported as other financing sources.

# City of Ammon

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Measurement Focus and Basis of Accounting** (Continued)

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.

Encumbrances represent commitments related to unperformed contracts for goods or services. The City did not have any encumbrances at September 30, 2023.

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.



# City of Ammon

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **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, 2023. 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, 2023. 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, 2023, 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

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Receivables (Continued)

The City's Water, Wastewater, Sanitation, and Fiber 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. There were no donations received for the year ended September 30, 2023.

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

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### 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

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### **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 straightline 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 leases with lease costs included in short-term lease expense. The City recognizes short-term lease cost on a straightline 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 one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. 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 in the government-wide statement of net position.

# City of Ammon

## Notes to Financial Statements

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### 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

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### 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

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Adoption of GASB Pronouncements**

During the fiscal year ended September 30, 2023, the City implemented the following GASB Pronouncements:

GASB Statement No. 91, Conduit Debt Obligations: Issued May 2019, the objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice for presentation and disclosures. This statement is effective for the fiscal years beginning after December 15, 2021. There was no impact on the City's financial statements.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Payment Arrangements: Issued March 2020, the objective of this statement is to improve reporting related to private-public and public-public partnership agreements (PPPs). This statement is effective for the fiscal years beginning after June 15, 2022. There was no impact on the City's financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements: Issued May 2020, the objective of this statement is to provide guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement is effective for the fiscal years beginning after June 15, 2022. There was no impact on the City's financial statements.

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

GASB Statement No. 100, Accounting Changes and Error Corrections: Issued June 2022, the objective of this statement is to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for the fiscal years beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences: Issued June 2022, the objective of this statement is to update the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. This statement is effective for the fiscal years beginning after June 15, 2023.

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.

#### **Subsequent Events**

The City has evaluated subsequent events through March 28, 2024, which is the date the financial statements were available to be issued. In October 2023, the City finalized the transfer of the Revenue Bond obligation to the Eastern Idaho Regional Sewer District (EIRSD), a new government that will be charged with all future repayment on this bond. The liability as well as the associated bond reserve will be removed from the City's financial statements in fiscal year 2024. There are no other subsequent events required to be disclosed.

# City of Ammon

## Notes to Financial Statements

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### Note 2: 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, 2023 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2023, \$2,520,212, 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 \$20,855,179 and the fair value was \$20,855,179. The amount not covered by insurance was \$9,311,974.

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 15 days.

On September 30, 2023, City of Ammon had the following recurring fair value measurements.

Investment Type	Level 1	Level 2	Level 3	Total
State DBF Fund	\$ -	\$ 109,085	\$ -	\$ 109,085
Corporate Bonds	-	2,785,338	-	2,785,338
Agency Bonds	2,508,605	-	-	2,508,605
US Gov't Bonds	4,018,031	-	-	4,018,031
Certificates of Deposit	-	11,434,120	-	11,434,120
<b>Total Investments</b>	<b>\$ 6,526,636</b>	<b>\$ 14,328,543</b>	<b>\$ -</b>	<b>\$ 20,855,179</b>

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



# City of Ammon

## Notes to Financial Statements

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### Note 2: Cash and Investments (Continued)

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, 2023, 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 \$109,085 invested in the DBF at September 30, 2023.

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 2.86 years at September 30, 2023.

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 1.58 years.

# City of Ammon

## Notes to Financial Statements

### Note 2: Cash and Investments (Continued)

As of September 30, 2023, 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	\$ -	\$ 109,085	\$ 109,085	AAA
Corporate Bonds	862,427	1,922,911	2,785,338	AA-/A+/A/A-/BBB+
Agency Bonds	1,505,337	1,003,268	2,508,605	AAA
US Gov't Bonds	363,034	3,654,997	4,018,031	
Certificates of Deposit	3,531,499	7,902,621	11,434,120	NA/NR/A-1+/A-2/A-3/D
<b>Total Investments</b>	<b>\$ 6,262,297</b>	<b>\$ 14,592,882</b>	<b>20,855,179</b>	
Plus cash			5,903,117	
<b>Total cash and investments</b>			<b>\$ 26,758,296</b>	

*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 Statute 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, 2023, 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 3: Capital Assets

Capital asset balances and activity for the governmental funds for the year ended September 30, 2023, were as follows:

<b>Governmental Activities:</b>	<b>Balance 09/30/22</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Balance 09/30/23</b>
Capital assets, not being depreciated:				
Land	\$ 1,137,918	\$ -	\$ -	\$ 1,137,918
Construction in progress	921,720	958,298	(600,119)	1,279,899
<b>Total capital assets, not being depreciated</b>	<b>2,059,638</b>	<b>958,298</b>	<b>(600,119)</b>	<b>2,417,817</b>
Capital assets, being depreciated:				
Buildings and improvements	3,250,232	-	-	3,250,232
Infrastructure	47,732,618	15,559	600,119	48,348,296
Machinery and equipment	4,541,623	319,939	(173,810)	4,687,752
<b>Total capital assets, being depreciated</b>	<b>55,524,473</b>	<b>335,498</b>	<b>426,309</b>	<b>56,286,280</b>
Accumulated depreciation:				
Buildings and improvements	(1,655,118)	(121,521)	-	(1,776,639)
Infrastructure	(32,624,604)	(963,472)	-	(33,588,076)
Machinery and equipment	(3,259,498)	(312,526)	173,810	(3,398,214)
<b>Total accumulated depreciation</b>	<b>(37,539,220)</b>	<b>(1,397,519)</b>	<b>173,810</b>	<b>(38,762,929)</b>
<b>Total capital assets, being depreciated, net</b>	<b>17,985,253</b>	<b>(1,062,021)</b>	<b>600,119</b>	<b>17,523,351</b>
Right of use asset:				
Right of use asset	3,190	3,196	-	6,386
Accumulated amortization	(709)	(2,744)	-	(3,453)
<b>Total right of use asset, net</b>	<b>2,481</b>	<b>452</b>	<b>-</b>	<b>2,933</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 20,047,372</b>	<b>\$ (103,271)</b>	<b>\$ -</b>	<b>\$ 19,944,101</b>

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

<b>Governmental activities:</b>	
General government	\$ 38,192
Fire protection	123,739
Building	7,109
Parks and recreation	94,715
Highway and streets	1,093,799
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	42,709
<b>Total depreciation and amortization expense, governmental activities</b>	<b>\$ 1,400,263</b>

# City of Ammon

## Notes to Financial Statements

### Note 3: Capital Assets (Continued)

<b>Business-type Activities:</b>	<b>Balance 09/30/22</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Balance 09/30/23</b>
Capital assets, not being depreciated:				
Land and water rights	\$ 802,962	\$ 1,330,439	\$ -	\$ 2,133,401
Construction in progress	6,064,424	2,389,429	(2,575)	8,451,278
<b>Total capital assets, not being depreciated</b>	<b>6,867,386</b>	<b>3,719,868</b>	<b>(2,575)</b>	<b>10,584,679</b>
Capital assets, being depreciated:				
Buildings and improvements	8,393,131	-	-	8,393,131
Infrastructure	37,743,487	1,318,383	2,575	39,064,445
Machinery and equipment	7,271,992	171,707	(6,372)	7,437,327
<b>Total capital assets, being depreciated</b>	<b>53,408,610</b>	<b>1,490,090</b>	<b>(3,797)</b>	<b>54,894,903</b>
Accumulated depreciation:				
Buildings and improvements	(3,371,912)	(248,332)	-	(3,620,244)
Infrastructure	(9,450,925)	(869,881)	-	(10,320,806)
Machinery and equipment	(4,303,790)	(495,349)	5,576	(4,793,563)
<b>Total accumulated depreciation</b>	<b>(17,126,627)</b>	<b>(1,613,562)</b>	<b>5,576</b>	<b>(18,734,613)</b>
<b>Total capital assets, being depreciated, net</b>	<b>36,281,983</b>	<b>(123,472)</b>	<b>1,779</b>	<b>36,160,290</b>
Right of use asset:				
Right of use asset	68,112	24,965	-	93,077
Accumulated amortization	(15,136)	(28,501)	-	(43,637)
<b>Total right of use asset, net</b>	<b>52,976</b>	<b>(3,536)</b>	<b>-</b>	<b>49,440</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 43,202,345</b>	<b>\$ 3,592,860</b>	<b>\$ (796)</b>	<b>\$ 46,794,409</b>

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

<b>Business-Type activities:</b>	
Water	\$ 922,681
Wastewater	393,048
Sanitation	108,765
Fiber Optic	217,569
<b>Total depreciation and amortization expense, business-type activities</b>	<b>\$ 1,642,063</b>

# City of Ammon

## Notes to Financial Statements

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### Note 4: 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](http://www.persi.idaho.gov).

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

#### *Pension Benefits*

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

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

#### *Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2023, it was 7.16% and 9.13% for general and public safety employees, respectively. On July 1, 2023, these rates adjusted to 6.71% and 9.83% for general and public safety employees, respectively. The employer contribution rate is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters, respectively. On July 1, 2023, these rates adjusted to 11.18% and 13.26% for general employees and police and firefighters, respectively. The City's contributions were \$379,470 for the year ended September 30, 2023.

# City of Ammon

## Notes to Financial Statements

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### Note 4: 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, 2023, 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, 2023, 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, 2023, the City's proportion was .0745285 percent.

For the year ended September 30, 2023, the City recognized pension expense of \$797,271. At September 30, 2023, 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	\$ 509,798	\$ -
Changes in assumptions or other inputs	294,507	-
Net difference between projected and actual earnings on pension plan investments	279,171	-
City contributions subsequent to the measurement date	98,236	-
<b>Total</b>	<b>\$ 1,181,712</b>	<b>\$ -</b>

\$98,236 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, 2024.

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, 2022, is 4.6 years and 4.4 years for the measurement period June 30, 2023.

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>	
2024	\$ 385,308
2025	181,067
2026	563,271
2027	(46,170)

# City of Ammon

## Notes to Financial Statements

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### Note 4: 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(asset) in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

#### **Contributing Members, Service Retirement Members, and Beneficiaries**

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

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

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, 2023, is based on the results of an actuarial valuation date of July 1, 2023.

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.

# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan (Continued)

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

<b>2023</b>		
<b>Asset Class</b>	<b>DB Plans</b>	<b>Sick Leave</b>
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 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (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 6.35 percent, as well as what the Employer's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

		<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>	
	<b>(5.35%)</b>	<b>(6.35%)</b>	<b>(7.35%)</b>	
Employer's proportionate share of the net pension liability (asset)	\$ 5,349,195	\$ 2,974,186	\$ 1,033,061	

#### *Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).



# City of Ammon

## Notes to Financial Statements

### Note 4: Pension Plan (Continued)

#### *Payables to the pension plan*

At September 30, 2023, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

### Note 5: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on September 30, 2023, are as follows:

Fund	Receivable	Payable
General fund	\$ 3,150,998	\$ -
LID #1 fund	-	379,221
LID #5 Fund	-	2,084,135
LID #6 Fund	-	304,026
Fiber optic fund	-	374,000
Pressurized irrigation fund	-	9,616
Total	\$ 3,150,998	\$ 3,150,998

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 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 fifth payment was made during the 2023 fiscal year.

Repayment terms for the LID #5 and LID #6 loans from the general fund are not yet set because the construction in LID #5 and LID #6 are 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, 2023, were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 1,819,053
Street	1,091,844	-
Parks and recreation	727,209	-
Total	\$ 1,819,053	\$ 1,819,053

The General Fund transferred \$727,209 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 \$1,091,844 to the Street fund as part of their budget for revenue sharing funds.

# City of Ammon

## Notes to Financial Statements

### Note 6: 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, 2023, for the governmental activities:

	Balance at October 1, 2022	Additions	Payments	Balance at September 30, 2023	Due Within One Year
Fiber Bond - LID #2	\$ 515,657	\$ -	\$ (135,200)	\$ 380,457	\$ 26,715
Premium on Fiber Bond - LID #2	24,487	-	(6,421)	18,066	1,269
Fiber Bond - LID #3	477,047	-	(71,964)	405,083	53,340
Fiber Bond - LID #4	753,421	-	(96,198)	657,223	58,633
Financed purchase	44,728	-	(4,669)	40,059	4,794
Lease liability	2,492	375	-	2,867	2,146
Total	\$ 1,817,832	\$ 375	\$ (314,452)	\$ 1,503,755	\$ 146,897

The following is a schedule of principal and interest payments on long-term debt to maturity plus premium amortization (see Note 7 for lease payoff schedule):

Year Ended September 30,	Principal	Interest	Total	Premium
2024	\$ 143,482	\$ 51,219	\$ 194,701	\$ 1,269
2025	149,337	45,366	194,703	1,332
2026	179,426	40,545	219,971	1,399
2027	153,944	34,863	188,807	1,469
2028	158,944	29,860	188,804	1,542
2029-2033	653,255	73,471	726,726	8,947
2034-2035	44,434	2,267	46,701	2,108
Total	1,482,822	\$ 277,591	\$ 1,760,413	\$ 18,066

# City of Ammon

## Notes to Financial Statements

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### Note 6: Long-Term Obligations (Continued)

#### 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. Subsequent to year end, 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. Subsequent to the City's year end, this reserve along with the debt were transferred to EIRSD. See subsequent events footnote.

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 proprietary funds is disclosed in that table below.

The following is a schedule of principal and interest payments on long-term debt to maturity (see Note 7 for lease payoff schedule):

Year Ended September 30,	Principal	Interest	Total
2024	\$ 16,810,239	\$ 79,274	\$ 16,889,513
2025	805,838	69,460	875,298
2026	866,308	59,528	925,836
2027	815,418	48,086	863,504
2028	825,314	38,189	863,503
2029-2033	2,536,529	53,981	2,590,510
Total	\$ 22,659,646	\$ 348,518	\$ 23,008,164

# City of Ammon

## Notes to Financial Statements

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### Note 6: Long-Term Obligations (Continued)

Following is a summary of the changes in long-term obligations for the year ended September 30, 2023, for the enterprise funds:

	Beginning Balance October 1, 2022	Increase	Decrease	Ending Balance September 30, 2023	Due Within One Year
Financed purchase	\$ 89,456	\$ -	\$ (11,543)	\$ 80,118	\$ 9,590
Refunding Bond - Water	7,342,319	-	(777,005)	6,565,314	786,435
Revenue Bond - Sewer	16,957,004	-	(942,790)	16,014,214	16,014,214
Lease liability	53,214	28,081	(32,171)	49,124	35,876
Total	\$ 24,441,993	\$ 28,081	\$ (1,763,509)	\$ 22,708,770	\$ 16,846,115

The City has pledged future water customer revenues, net of specified operating expenses, to repay the \$6,565,314 water revenue refunding bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the \$16,014,214 wastewater revenue bond. Annual principal and interest payments are expected to require less than 100% of net revenues. This pledge will be released in fiscal year 2024 with the transition of this obligation to EIRSD.

### Note 7: Lease Agreements

City as Lessee

The terms and expiration dates of the City's leases payable at September 30, 2023 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 expires after 36 months and is collateralized by a truck. This asset is 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 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.

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 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 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 expires after 24 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.

# City of Ammon

## Notes to Financial Statements

### Note 7: Lease Agreements (Continued)

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

Governmental activities:	Beginning Balance			Ending Balance	Due Within
	October 1, 2022	Increase	Decrease		
2022 Ford F-150 (2 units)	\$ 2,492	\$ 375	\$ -	\$ 2,867	\$ 2,146
Total	\$ 2,492	\$ 375	\$ -	\$ 2,867	\$ 2,146

  

Business activities:	Beginning Balance			Ending Balance	Due Within
	October 1, 2022	Increase	Decrease		
2022 Ford F-150 (2 units)	\$ 37,380	\$ -	\$ (17,309)	\$ 20,071	\$ 15,020
2022 Ford Ranger	15,834	-	(6,725)	9,109	6,816
2022 F250	-	28,081	(8,135)	19,946	14,040
Total	\$ 53,214	\$ 28,081	\$ (32,169)	\$ 49,126	\$ 35,876

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

Year Ended September 30,	Principal	Interest	Total
2024	\$ 38,022	\$ 467	\$ 38,489
2025	13,971	43	14,014
Total	51,993	\$ 510	\$ 52,503

### Note 8: Deficit Fund Balance

The Fiber Optic LID #1 has a deficit of \$333,745 at September 30, 2023. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic LID #5 has a deficit of \$2,120,911 at September 30, 2023. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic LID #6 has a deficit of \$306,949 at September 30, 2023. This amount is expected to be repaid through the collections in the LID over time.

The Pressurized Irrigation fund is new in the current year and has a deficit of \$3,547 at September 30, 2023. This amount is expected to be recovered through operations in the 2024 fiscal year.

# City of Ammon

## Notes to Financial Statements

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### Note 9: 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, 2023, the City had restricted funds for the following projects:

<i>Projects:</i>	General Fund	Street	Parks & Recreation	Nonmajor
East Hills Development	\$ 15,873	\$ -	\$ -	-
Contractor contributions toward improvements	3,020	571,515	63,291	-
Rockwell Homes - Hidden Valley	-	288,743	-	-
Rockwell Homes - Magellan	-	700	-	-
Liberty Homes	-	8,870	-	-
Hilltop Homes	-	600	-	-
Guardian Homes	-	4,097	-	-
Tallman Construction	-	1,000	-	-
Riverbend Management	-	523,060	-	-
Crystal Builders	-	2,552	-	-
Odyssey Homes	-	200	-	-
Campbell Construction	-	3,510	-	4,783
Total	\$ 18,893	\$ 1,404,847	\$ 63,291	\$ 4,783

### Note 10: 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 and Investments. 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.

# City of Ammon

## Notes to Financial Statements

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### **Note 10: Ammon Urban Renewal Agency (Continued)**

At year-end, the carrying amount and bank balance of the Agency's deposits was \$476,953.

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, 2023, \$226,953 of the Agency's deposits and certificates of deposit were exposed to custodial credit risk.

Notes Payable. On January 28, 1998, the Agency entered into a Limited Recourse Promissory Note (Phase I Note, Series 1997A Project Note) payable in the amount of \$917,150 to CPI / Ammon Limited Partnership. The note bears interest at 9.0%. The principal balance on the note at September 30, 2023, is \$917,150. Future debt service payments on the note are not specified.

On January 28, 1998, the Agency entered into a Limited Recourse Promissory Note (Phase I Note, Bond Project Series 1997B Project) payable in the amount of \$46,915 to CPI / Ammon Limited Partnership. The note bears interest at 5.88%. The principal balance on the note at September 30, 2023, is \$46,915. Future debt service payments on the note are not specified.

The recourse of CPI / Ammon Limited Partnership for payment on these notes is limited solely to the funds in the Revenue Allocation Fund, after payment of interest and principal on the bonds and payments to fund the Administrative Fund. The Agency's obligation to make revenue allocation payments to CPI / Ammon Limited Partnership terminates with taxes collected and paid to the Agency for the calendar year beginning January 1, 2024. Interest accrued on these notes through September 30, 2023, was approximately \$2,247,301.

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, 2023 the payable/receivable balance is \$824,659.

# City of Ammon

## Notes to Financial Statements

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### Note 10: Ammon Urban Renewal Agency (Continued)

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, 2023</i>	Notes Payable	Reimbursement Payable
Balance at October 1, 2022	\$ 964,065	\$ -
Principal payment	-	824,659
<b>Balance at September 30, 2023</b>	<b>\$ 964,065</b>	<b>\$ 824,659</b>

Property Tax Revenue. Current property tax revenue is not meeting original expectations. When the Series 1999 Bonds and other notes payable were entered into, property tax revenue was expected to have increased significantly enough to make the principal payments as well as the interest. The required interest payments are being made on the Bonds as well as principal payments as cash flows permit. The Agency currently expects to pay the Bonds in full, however it will not be able to make the entire principal balance on the Note Payable in 2024 if property tax revenues do not increase significantly. The Agency does not expect to be able to pay any interest accrued on the Note Payable.

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

Subsequent Events. Management of the Agency evaluated subsequent events through January 12, 2024, 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**

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# City of Ammon

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

<i>Year Ended September 30, 2023</i>	General		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Property taxes	\$ 2,614,488	\$ 2,414,033	\$ (200,455)
Franchise fees	310,592	188,205	(122,387)
Licenses and Permits	116,900	103,760	(13,140)
Intergovernmental revenue	3,319,000	3,025,672	(293,328)
Planning	68,500	48,084	(20,416)
Earnings on Investments	138,302	414,609	276,307
Grants and donations	-	24,400	24,400
Miscellaneous revenues	170,630	74,244	(96,386)
Total revenues	6,738,412	6,293,007	(445,405)
<b>Expenditures</b>			
Current			
General Government	3,000,410	1,875,999	1,124,411
Law Enforcement	2,069,641	2,119,466	(49,825)
Planning & Zoning	195,085	221,679	(26,594)
Engineering	148,556	138,448	10,108
Total expenditures	5,413,692	4,355,592	1,058,100
Revenues over expenditures	1,324,720	1,937,415	612,695
<b>Other financing sources (uses)</b>			
Transfers Out	(1,819,053)	(1,819,053)	-
Total other financing sources (uses)	(1,819,053)	(1,819,053)	-
Net change in fund balance	<u>\$ (494,333)</u>	118,362	<u>\$ 612,695</u>
Fund balance at beginning of year		<u>12,815,359</u>	
Fund balance at end of year		<u>\$ 12,933,721</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, 2023	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Franchise fees	\$ 300,000	\$ 331,629	\$ 31,629
Intergovernmental revenue	998,271	1,280,610	282,339
Planning	218,049	68,929	(149,120)
Earnings on Investments	28,278	122,184	93,906
Miscellaneous revenues	58,800	13,276	(45,524)
Total revenues	1,603,398	1,816,628	213,230
<b>Expenditures</b>			
Current			
Highways and Streets	3,026,528	1,819,962	1,206,566
Total expenditures	3,026,528	1,819,962	1,206,566
Revenues over (under) expenditures	(1,423,130)	(3,334)	1,419,796
<b>Other financing sources (uses)</b>			
Transfers In	1,091,844	1,091,844	-
Total other financing sources (uses)	1,091,844	1,091,844	-
Net change in fund balance	<u>\$ (331,286)</u>	1,088,510	<u>\$ 1,419,796</u>
Fund balance at beginning of year		<u>1,863,475</u>	
Fund balance at end of year		<u>\$ 2,951,985</u>	

See Independent Auditor's Report.

# City of Ammon

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

Year Ended September 30, 2023	Parks and Recreation		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Planning	\$ 125,200	\$ 173,580	\$ 48,380
Miscellaneous Revenues	91,000	103,339	12,339
Recreation Fees	221,200	199,669	(21,531)
Grants and donations	250,000	214,967	(35,033)
Total revenues	687,400	691,555	4,155
<b>Expenditures</b>			
Current			
Parks	954,190	793,648	160,542
Recreation	269,996	284,849	(14,853)
Pool	190,423	303,666	(113,243)
Total expenditures	1,414,609	1,382,163	32,446
Revenues over (under) expenditures	(727,209)	(690,608)	36,601
<b>Other financing sources (uses)</b>			
Transfers In	727,209	727,209	-
Total other financing sources (uses)	727,209	727,209	-
Net change in fund balance	<u>\$ -</u>	36,601	<u>\$ 36,601</u>
Fund balance at beginning of year		<u>26,690</u>	
Fund balance at end of year		<u>\$ 63,291</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\***

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**Determined as of the Measurement Date**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Employer's portion of the Net Pension Liability (Asset)	0.074529 %	0.071963 %	0.077600 %	0.077370 %	0.077110 %
Employer's proportionate share of Net Pension Liability(Asset)	2,974,186	2,834,450	(61,286)	1,796,636	880,145
Employer's Covered Payroll	3,168,883	2,850,023	2,783,300	2,765,392	2,618,938
Employer's Proportionate Share of the net pension liability(asset) as a percent of Covered Payroll	93.86 %	99.45 %	(2.20)%	64.97 %	33.61 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	83.83 %	83.09 %	100.36 %	88.22 %	93.79 %

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's portion of the Net Pension Liability (Asset)	0.071120 %	0.066020 %	0.064340 %	0.064710 %
Employer's proportionate share of Net Pension Liability(Asset)	1,049,062	1,037,718	1,304,338	852,082
Employer's Covered Payroll	2,369,811	2,050,530	1,881,846	1,812,412
Employer's Proportionate Share of the net pension liability(asset) as a percent of Covered Payroll	44.27 %	50.61 %	69.31 %	47.01 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	91.69 %	90.68 %	87.26 %	91.38 %

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

Data reported is measured as of June 30, 2023.

See Independent Auditor's Report.

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

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**Determined as of the Reporting Date**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Statutorily Required Contribution	379,470	348,251	326,352	338,594	308,277
Contributions in Relation to the Statutorily Required Contributions	379,470	348,251	326,352	338,594	308,277
Contribution Deficiency (Excess)	0	0	0	0	0
Employer's Covered Payroll	3,225,945	2,916,677	2,733,270	2,824,401	2,678,343
Contributions as a percent of Covered Payroll	11.76 %	11.94 %	11.94 %	11.99 %	11.51 %

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily Required Contributions	268,812	240,568	215,743	206,496
Contributions in Relation to the Statutorily Required Contributions	268,812	240,568	215,743	206,496
Contribution Deficiency (Excess)	0	0	0	0
Employer's Covered Payroll	2,354,629	2,117,587	1,898,349	1,816,643
Contributions as a percent of Covered Payroll	11.42 %	11.36 %	11.36 %	11.63 %

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

Data reported is measured as of September 30, 2023.

See Independent Auditor's Report.

## **Supplementary Information**

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# City of Ammon

## Nonmajor Governmental Funds

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### **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 #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, but has not been completed.

#### **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.



# City of Ammon

## Combining Balance Sheet - Nonmajor Governmental Funds

<i>September 30, 2023</i>	<b>Building</b>	<b>Fiber Optic LID #1</b>	<b>Fiber Optic LID #2</b>	<b>Fiber Optic LID #3</b>
<b>Assets</b>				
Cash and investments	\$ 711,948	\$ 20,298	\$ 10,896	\$ 37,657
Other receivables	7,420	385,662	322,641	445,956
<b>Total assets</b>	<b>\$ 719,368</b>	<b>\$ 405,960</b>	<b>\$ 333,537</b>	<b>\$ 483,613</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities				
Accrued salaries and benefits	\$ 16,261	\$ -	\$ -	-
Accrued interest payable	-	4,772	12,665	3,777
Deposits payable	4,783	-	-	-
Advance from general fund	-	379,221	-	-
<b>Total liabilities</b>	<b>21,044</b>	<b>383,993</b>	<b>12,665</b>	<b>3,777</b>
<b>Deferred inflows of resources</b>				
Unavailable revenues	-	355,712	301,798	414,118
<b>Total liabilities and deferred inflows of resources</b>	<b>21,044</b>	<b>739,705</b>	<b>314,463</b>	<b>417,895</b>
<b>Fund balances</b>				
Restricted for				
Development commitments	4,783	-	-	-
Other	693,541	-	19,074	65,718
Unassigned	-	(333,745)	-	-
<b>Total fund balances</b>	<b>698,324</b>	<b>(333,745)</b>	<b>19,074</b>	<b>65,718</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 719,368</b>	<b>\$ 405,960</b>	<b>\$ 333,537</b>	<b>\$ 483,613</b>

See Independent Auditor's Report.

# City of Ammon

## Combining Balance Sheet - Nonmajor Governmental Funds

<i>September 30, 2023</i>	Fiber Optic LID #4	Fiber Optic LID #5	Fiber Optic LID #6	All Nonmajor Funds
<b>Assets</b>				
Cash and investments	\$ 23,593	\$ 39,577	\$ 10,457	\$ 854,426
Other receivables	649,314	-	-	1,810,993
Total assets	\$ 672,907	\$ 39,577	\$ 10,457	\$ 2,665,419
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities				
Accrued salaries and benefits	\$ -	\$ 11,058	\$ 10,457	\$ 37,776
Accrued interest payable	1,537	65,295	2,923	90,969
Deposits payable	-	-	-	4,783
Advance from general fund	-	2,084,135	304,026	2,767,382
Total liabilities	1,537	2,160,488	317,406	2,900,910
<b>Deferred inflows of resources</b>				
Unavailable revenues	584,998	-	-	1,656,626
Total liabilities and deferred inflows of resources	586,535	2,160,488	317,406	4,557,536
<b>Fund balances</b>				
Restricted for				
Development commitments	-	-	-	4,783
Other	86,372	-	-	864,705
Unassigned	-	(2,120,911)	(306,949)	(2,761,605)
Total fund balances	86,372	(2,120,911)	(306,949)	(1,892,117)
Total liabilities, deferred inflows of resources and fund balances	\$ 672,907	\$ 39,577	\$ 10,457	\$ 2,665,419

See Independent Auditor's Report.

# City of Ammon

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

<i>Year Ended September 30, 2023</i>	<b>Building</b>	<b>Fiber Optic LID #1</b>	<b>Fiber Optic LID #2</b>	<b>Fiber Optic LID #3</b>
<b>Revenues</b>				
Licenses and Permits	\$ 548,048	\$ -	\$ -	-
Planning	-	48,236	42,304	63,745
Earnings on investments	20,774	12,331	14,751	13,789
Miscellaneous revenues	2,758	-	-	-
<b>Total revenues</b>	<b>571,580</b>	<b>60,567</b>	<b>57,055</b>	<b>77,534</b>
<b>Expenditures</b>				
Current:				
Building	597,007	-	-	-
Fiber Optic LID	-	10,010	91,216	84,405
<b>Total expenditures</b>	<b>597,007</b>	<b>10,010</b>	<b>91,216</b>	<b>84,405</b>
Net change in fund balances	(25,427)	50,557	(34,161)	(6,871)
Fund balances, beginning of year	723,751	(384,302)	53,235	72,589
<b>Fund balances, end of year</b>	<b>\$ 698,324</b>	<b>\$ (333,745)</b>	<b>\$ 19,074</b>	<b>\$ 65,718</b>

See Independent Auditor's Report.

# City of Ammon

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

<i>Year Ended September 30, 2023</i>	<b>Fiber Optic LID #4</b>	<b>Fiber Optic LID #5</b>	<b>Fiber Optic LID #6</b>	<b>All Nonmajor Funds</b>
<b>Revenues</b>				
Licenses and Permits	\$ -	\$ -	\$ -	\$ 548,048
Planning	96,698	-	-	250,983
Earnings on investments	18,986	-	-	80,631
Miscellaneous revenues	-	-	-	2,758
<b>Total revenues</b>	<b>115,684</b>	<b>-</b>	<b>-</b>	<b>882,420</b>
<b>Expenditures</b>				
Current:				
Building	-	-	-	597,007
Fiber Optic LID	120,577	622,050	306,949	1,235,207
<b>Total expenditures</b>	<b>120,577</b>	<b>622,050</b>	<b>306,949</b>	<b>1,832,214</b>
Net change in fund balances	(4,893)	(622,050)	(306,949)	(949,794)
Fund balances, beginning of year	91,265	(1,498,861)	-	(942,323)
<b>Fund balances, end of year</b>	<b>\$ 86,372</b>	<b>\$ (2,120,911)</b>	<b>\$ (306,949)</b>	<b>\$ (1,892,117)</b>

See Independent Auditor's Report.

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

<i>September 30, 2023</i>	<b>Pressurized Irrigation</b>	<b>Sanitation</b>	<b>All Nonmajor Funds</b>
<b>Assets</b>			
Current assets			
Investments	\$ -	\$ 2,274,105	\$ 2,274,105
Accounts receivable	1,310	54,064	55,374
Total current assets	1,310	2,328,169	2,329,479
Noncurrent assets			
Capital assets			
Nondepreciable capital assets	7,759	971,379	979,138
Depreciable capital assets, net	-	308,181	308,181
Right of Use Asset, net	-	2,933	2,933
Total noncurrent assets	7,759	1,282,493	1,290,252
Total assets	9,069	3,610,662	3,619,731
<b>Deferred outflow of resources</b>			
Related to pensions	-	72,571	72,571
Total assets and deferred outflow of resources	9,069	3,683,233	3,692,302
<b>Liabilities</b>			
<b>Current</b>			
Accrued salaries and benefits	-	17,449	17,449
Accrued interest payable	-	2	2
Deposit payable	3,000	1,920	4,920
Lease liability - current	-	2,146	2,146
Total current liabilities	3,000	21,517	24,517
<b>Noncurrent</b>			
Interfund payable	9,616	-	9,616
Lease liability	-	721	721
Pension Liability	-	106,778	106,778
Total noncurrent liabilities	9,616	107,499	117,115
Total liabilities	12,616	129,016	141,632
<b>Net Position (deficit)</b>			
Net investment in capital assets	7,759	1,280,347	1,288,106
Restricted	-	1,920	1,920
Unrestricted	(11,306)	2,271,950	2,260,644
Total net position (deficit)	\$ (3,547)	\$ 3,554,217	\$ 3,550,670

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, 2023</i>	<b>Pressurized Irrigation</b>	<b>Sanitation</b>	<b>All Nonmajor Funds</b>
<b>Operating revenues</b>			
Charges for Services	\$ -	\$ 751,830	\$ 751,830
Miscellaneous	2,216	-	2,216
<b>Total operating revenues</b>	<b>2,216</b>	<b>751,830</b>	<b>754,046</b>
<b>Operating expenses</b>			
Operations and Maintenance	9,289	406,123	415,412
Salaries and Benefits		304,265	304,265
Depreciation	-	108,765	108,765
<b>Total operating expenses</b>	<b>9,289</b>	<b>819,153</b>	<b>828,442</b>
<b>Operating income (loss)</b>	<b>(7,073)</b>	<b>(67,323)</b>	<b>(74,396)</b>
<b>Non-operating revenues (expenses)</b>			
Earnings on Investments	(152)	99,749	99,597
Interest Expense	-	36	36
<b>Total non-operating revenues (expenses)</b>	<b>(152)</b>	<b>99,785</b>	<b>99,633</b>
<b>Change in net position</b>	<b>(7,225)</b>	<b>32,462</b>	<b>25,237</b>
<b>Net position, beginning of year</b>	<b>3,678</b>	<b>3,521,755</b>	<b>3,525,433</b>
<b>Net position (deficit), end of year</b>	<b>\$ (3,547)</b>	<b>\$ 3,554,217</b>	<b>\$ 3,550,670</b>

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, 2023 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 March 28, 2024. 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.

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

Wipfli LLP

Idaho Falls, Idaho  
March 28, 2024