

City of Ammon

Ammon, Idaho

Annual Financial Report

Year Ended September 30, 2021



City of Ammon

Year Ended September 30, 2021

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City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

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, 2021. 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 assets and deferred outflows or resources of the City of Ammon exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$61,710,047 (net position). Of this amount, \$20,316,643 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$4,667,212 in comparison with the prior year mainly due to increases in water and wastewater revenues; increases in state funding; and because of additional grant and COVID-19 related funding.
- As of the close of fiscal year 2021, the City of Ammon's governmental funds reported combined ending fund balances of \$12,703,284, an increase of \$1,412,090 in comparison with the prior year. Approximately \$9,147,577 of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of fiscal year 2021, unassigned fund balance for the General fund was \$10,429,296.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Ammon's finances in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing 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 only result in cash flows in future fiscal periods (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, Idaho

Management's Discussion and Analysis

September 30, 2021

The governmental activities of the City of Ammon include general government, public safety, streets, parks and recreation, buildings, and technology (an internal service fund). The business-type activities of the City of Ammon include water, wastewater, sanitation, fiber optic, and 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 of Ammon 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 of Ammon 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 of Ammon, 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 the City'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ammon maintains two major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in balances for the General Fund, and the Street Fund which are major governmental funds. There is one internal service fund for technology.

The City of Ammon 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. The City of Ammon maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Ammon uses enterprise funds to account for its water, wastewater, sanitation, fiber optic, and irrigation operations.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater funds, which are considered to be major funds of the City of Ammon.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$61,710,047 as of September 30, 2021.

By far, the largest portion of the City's net position is reflected in its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, if any, it should be noted that the resources needed to repay this debt, if any, must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

The following table provides a summary of the City's net position for 2021 compared to 2020:

	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	36,630,722	32,615,042
Capital assets	59,480,420	56,962,719
Total assets	96,111,142	90,224,141
Deferred outflows of resources	882,948	472,200
Liabilities		
Current and other liabilities	5,291,147	2,502,665
Long-term liabilities	28,032,341	31,092,176
Total liabilities	33,323,488	33,594,841
Deferred inflows of resources	1,960,555	58,665
Net position		
Net investment in capital assets	40,190,511	37,699,127
Restricted	1,202,893	1,195,129
Unrestricted	20,316,643	18,191,060
Total net position	61,710,047	57,042,835

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

The restricted portion of the City's net position, \$1,202,623, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$20,316,643, 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 government as a whole and business-type activities.

In the prior year, the City also reported positive balances in all three categories of net position, for the government as a whole and business-type activities.

The net position of the City, as a whole, increased \$4,667,212 from \$57,042,835 at September 30, 2020, to \$61,710,047 at September 30, 2021. Governmental activities increased \$1,007,714 over the prior year while business-type activities increased \$3,659,498 over the same period.

Governmental Activities. Governmental activities increased the City's net position by \$1,007,714. Key elements of this increase are as follows:

- The state revenue sharing allocation changes.
- An increase in charges for services due to new construction and people moving in.
- Receipt of COVID-19 and other state and federal project grants.

The following table shows the changes in net position for fiscal years 2021 and 2020.

	2020 Governmental Activities	2021 Governmental Activities	2020 Business- type Activities	2021 Business- type Activities
Revenues				
Program revenues				
Charges for services	1,844,466	2,362,628	8,514,733	8,990,868
Operating grants and contributions	958,612	1,434,447		
Capital grants and contributions	4,841,987		5,100,433	423,687
General revenues				
Property taxes	2,957,693	3,166,191		
Intergovernmental revenues	1,932,882	2,609,243		
Miscellaneous	1,255,877	631,605	299,400	196,966
Transfers		(26,250)		26,250
Total revenues	<u>13,791,517</u>	<u>10,177,864</u>	<u>13,914,566</u>	<u>9,637,771</u>

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

	2020 Governmental Activities	2021 Governmental Activities	2020 Business-type Activities	2021 Business-type Activities
Expenses				
General government	1,997,100	1,339,266		
Law enforcement	1,712,295	1,740,839		
Fire protection	1,127,625	1,224,584		
Planning and zoning	121,111	137,506		
Engineering	59,776	131,495		
Building	489,162	487,522		
Parks	493,467	483,621		
Recreation	79,868	165,188		
Pool	137,849	177,880		
Highway and streets	1,895,860	1,939,458		
Fiber optic LID	1,192,069	1,301,375		
Capital outlay	5,952	41,416		
Water			2,717,067	2,531,389
Wastewater			2,189,969	2,384,663
Sanitation			581,801	513,787
Fiber optic			378,959	544,294
Pressurized irrigation				4,140
Total expenses	<u>9,312,134</u>	<u>9,170,150</u>	<u>5,867,796</u>	<u>5,978,273</u>
Changes in net position	<u>4,479,383</u>	<u>1,007,714</u>	<u>8,046,770</u>	<u>3,659,498</u>

Business-type Activities. Business-type operating activities increased the City's net position by \$3,659,498. Key elements of this increase are as follows:

- Continued strength in charges for services and investment earnings (ignoring market adjustments). There were no donated subdivisions in the current year, which is most of the difference between 2020 and 2021.
- Total expenses increased by \$110,477 for the year ended September 30, 2021, most supported by capital and operating grants.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of September 30, 2021, the City's governmental funds reported combined ending fund balances of \$12,703,284, an increase of \$1,412,090 in comparison with the prior year. Approximately 80% of this total amount, \$9,147,577, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is 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.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

The General Fund is the chief operating fund of the City. At September 30, 2021, unassigned fund balance of the General Fund was \$10,429,296 while total fund balance is \$11,876,613. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The fund balance of the City's General Fund increased by \$1,175,549 during the current fiscal year. The key factors in this are:

- Revenues increased by \$444,165 which stems from increased property tax collections and increased intergovernmental revenue thanks to a new state-wide formula. Several grants were received from COVID related funding that helped to support and reimburse general operating expenditures.
- Expenditures decreased, mostly in 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 Irrigation Funds at September 30, 2021, amounted to \$28,531,075. The total increase in net position for the funds including the internal services fund was \$3,659,498. 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 did not amend the 2020 - 2021 Governmental Fund budget.

	Budgeted	Expended
General Government	3,007,370	1,944,486
Enforcement	1,749,552	1,740,839
Fire	1,269,189	1,096,586
Building	546,591	520,067
Parks and Recreation	904,910	893,082
Sanitation	567,308	518,218
Wastewater	2,737,397	1,994,071
Street	2,065,210	1,434,590
Water	6,858,206	2,456,257
Pressurized irrigation		4,140
Technology	714,792	545,076
Fiber optic	4,110,429	544,294
Fiber optic LID		1,522,780
	24,530,954	15,214,486
Total expenditures		

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 exclude capital items in the proprietary funds. 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 were initially budgeted to be spent but were later moved into their own fund for better tracking. The expended funds in the Fire Department are lower than budget because of grants that were applied for, but not received. 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.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

The Street department came in less than budget as part of a budget tool to save for future infrastructure. In addition, they hoped to receive several capital grants which were not received in the current fiscal year.

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 DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$59,480,420 (net of accumulated depreciation and amortization.) Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, and when applicable, construction in process. Under the new GASB 87 standard, right of use assets, such as leased equipment, have been presented separately, but is 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 Building department was busy in 2021. The total valuation of all construction for 2021 was \$59,480,420, up 4.42% from 2020. The new construction comprises 193 new single family dwellings, 0 new multifamily dwellings (apartments), 17 new commercial businesses, and seven commercial alterations.
- This was the first year fire protection was provided by the Bonneville County Fire Protection District #1.
- Fiber LID # 4 was under construction in 2020 and 2021 and includes Woodland Hills, Cortland Ridge, Highland Springs and Fox Hollow. There are 376 participants in LID # 4, passing a total of 634 homes. Today the City is working on its fifth LID which will pass some 1,200 homes and add over 600 participants to the network. Over half of the City now has access to the municipal fiber system. There are 1,171 homes and 38 businesses connected on the fiber as of 9/30/21. Residents have four 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.
- Woodland Hills Park is 23 acres of open green space with trees supporting one playground facility and a nine station disc golf course. We added ten acres and three baseball diamonds in 2021, along with updating the playground equipment and improving the parking lot.
- 2021 was full of accomplishments for the City of Ammon. We 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 Lightpalooza (the Winter Light Parade and McCowin Park lighting). We added flag poles to McCowin Park. We had a new Ammon magazine published. The City of Ammon was Capital for a Day on September 16, 2021.

Debt Administration. The City refinanced the infrastructure improvements from LID#4. These costs were expended throughout the construction period and repayment began on this loan in 2021. In total, the City paid \$1,657,864 of principal during the year.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

One of the City's main concerns is the higher than normal inflation rate. The City wants to make sure Ammon can provide quality services at a reasonable rate, and that residents can afford their daily expenses. Fuel, construction, and used vehicle price increases are not sustainable. Home values in Ammon have continued to increase at a higher than normal rate. Due to inflation, interest rates are anticipated to increase multiple times in 2022 and this may affect construction. Ammon is using America Rescue Plan Act (ARPA) funds for water, wastewater, and fiber projects.

COVID-19 has had some variants that have impacted schools, businesses, and residents. We continue to have increased social distancing and sanitizing. The politics at the federal level are definitely having an impact on the local level. For fiscal year 2022 there are minimal rate changes, and we are trying to get capital projects done before prices increase too much further.

COMPONENT UNITS

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

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. 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.

Independent Auditor's Report

Honorable Mayor and City Council
City of Ammon
Idaho Falls, Idaho

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ammon Urban Renewal Agency, which is presented separately in these financial statements. 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 the Ammon Urban Renewal Agency, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ammon, Idaho as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and budgetary comparison information and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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.

Other 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 supplementary information, such as combining nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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. In our opinion, the combining nonmajor fund financial statements and schedule of federal awards as listed in the table of contents are 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 31, 2022, 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'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.

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 31, 2022

City of Ammon

Statement of Net Position

<i>September 30, 2021</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 13,996,246	\$ 17,785,426	\$ 31,781,672	\$ 106,847
Receivables				
Property taxes	99,999	-	99,999	-
Intergovernmental	785,249	-	785,249	-
Accounts receivable	-	1,153,705	1,153,705	-
Other	2,560,880	-	2,560,880	-
Internal balances	235,757	(235,757)	-	-
Inventory	-	93,685	93,685	-
Prepaid expenses	94,247	-	94,247	-
PERSI Asset	40,682	20,603	61,285	-
Capital assets				
Nondepreciable assets	1,507,235	3,062,689	4,569,924	-
Depreciable assets, net	19,232,358	35,545,934	54,778,292	-
Right of use asset, net	44,068	88,136	132,204	-
Total assets	38,596,721	57,514,421	96,111,142	106,847
Deferred outflow of resources				
Related to pensions	563,382	319,566	882,948	-
Liabilities				
Current liabilities				
Accounts Payable	2,460,592	-	2,460,592	400
Accrued salaries and benefits	138,566	103,841	242,407	-
Deposits payable	1,958	-	1,958	-
Compensated absences	72,971	-	72,971	-
Customer desoposits	-	115,985	115,985	-
Grants received in advance	40,685	1,800,000	1,840,685	-
Connections payable	-	200,200	200,200	-
Accrued interest	63,287	293,062	356,349	-
Noncurrent liabilities				
Due within one year	124,650	1,398,239	1,522,889	-
Due in more than one year	2,012,649	24,496,803	26,509,452	3,205,762
Total liabilities	\$ 4,915,358	\$ 28,408,130	\$ 33,323,488	\$ 3,206,162
Deferred inflow of resources				
Related to pensions	1,301,416	659,139	1,960,555	-
Net position				
Net investment in capital assets	18,646,362	30,537,439	49,183,801	-
Restricted				
East Hills	16,119	-	16,119	-
Development commitments	118,251	-	118,251	-
Debt services	-	1,068,523	1,068,523	2
Unrestricted	14,162,597	(2,839,244)	11,323,353	(3,099,317)
Total net position	\$ 32,943,329	\$ 28,766,718	\$ 61,710,047	\$ (3,099,315)

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Activities

September 30, 2021

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	\$ 1,339,266	\$ 74,008	\$ 364,179	\$ -	\$ (901,079)	\$ -	\$ (901,079)	\$ -	
Law enforcement	1,740,839	25,872	-	-	(1,714,967)	-	(1,714,967)	-	
Fire protection	1,224,584	29,952	-	-	(1,194,632)	-	(1,194,632)	-	
Planning & zoning	137,506	73,799	-	-	(63,707)	-	(63,707)	-	
Engineering	131,495	1,600	-	-	(129,895)	-	(129,895)	-	
Buildings	487,522	638,287	-	-	150,765	-	150,765	-	
Parks	483,621	28,702	36,400	-	(418,519)	-	(418,519)	-	
Recreation	165,188	76,466	-	-	(88,722)	-	(88,722)	-	
Pool	177,880	120,413	-	-	(57,467)	-	(57,467)	-	
Highway and streets	1,939,458	10,440	1,033,868	-	(895,150)	-	(895,150)	-	
Fiber optic LID	1,301,375	1,283,089	-	-	(18,286)	-	(18,286)	-	
Capital outlay	41,416	-	-	-	(41,416)	-	(41,416)	-	
Total governmental activities	9,170,150	2,362,628	1,434,447	-	(5,373,075)	-	(5,373,075)	-	
Business-type activities									
Water Funds	2,531,389	3,942,958	-	125,977	-	1,537,546	1,537,546	-	
Wastewater Funds	2,384,663	3,729,087	-	-	-	1,344,424	1,344,424	-	
Sanitation	513,787	686,648	-	-	-	172,861	172,861	-	
Fiber optic	544,294	632,175	-	297,710	-	385,591	385,591	-	
Pressurized irrigation	4,140	-	-	-	-	(4,140)	(4,140)	-	
Total business-type activities	5,978,273	8,990,868	-	423,687	-	3,436,282	3,436,282	-	
Total primary government	15,148,423	11,353,496	1,434,447	423,687	(5,373,075)	3,436,282	(1,936,793)	-	
Total component unit	101,049	-	-	-	-	-	-	(101,049)	
General revenue and transfers									
					3,166,191	-	3,166,191	180,921	
					453,313	-	453,313	-	
					2,609,243	-	2,609,243	-	
					193,141	-	193,141	-	
					(14,849)	196,966	182,117	3	
					(26,250)	26,250	-	-	
					6,380,789	223,216	6,604,005	180,924	
					1,007,714	3,659,498	4,667,212	79,875	
					Net position, beginning, as restated	31,935,615	25,107,220	57,042,835	(3,179,190)
					Net position, ending	\$ 32,943,329	\$ 28,766,718	\$ 61,710,047	\$ (3,099,315)

The accompanying notes are integral to this financial statement

City of Ammon

Balance Sheet - Governmental Funds

<i>September 30, 2021</i>	General	Street	Non-Major	Total
Assets				
Investments	11,791,127	1,253,147	662,701	13,706,975
Receivables				
Property taxes	99,999	-	-	99,999
Intergovernmental	561,648	223,601	-	785,249
Interfund receivable	1,832,568	-	-	1,832,568
Other Receivables	35,804	26,088	2,498,988	2,560,880
Prepaid Expenses	94,247	-	-	94,247
Total assets	\$ 14,415,393	\$ 1,502,836	\$ 3,161,689	\$ 19,079,918
Liabilities				
Accounts Payable	2,342,341	118,251	-	2,460,592
Accrued salaries and benefits	59,535	11,155	35,174	105,864
Accrued Interest	-	-	36,424	36,424
Desposits payable	900	-	1,058	1,958
Interfund payable	-	-	1,361,168	1,361,168
Total liabilities	2,402,776	129,406	1,433,824	3,966,006
Deferred inflow of resources				
Unavailable Revenues	136,004	-	2,274,624	2,410,628
Fund balances				
Nonspendable				
Interfund loans	1,058,920	-	-	1,058,920
Prepaid expenses	94,247	-	-	94,247
Restricted for				
East Hills	16,119	-	-	16,119
Development commitments	-	118,251	-	118,251
Committed for				
Street projects	-	1,255,179	-	1,255,179
Assigned for				
Asset replacement	-	-	463,653	463,653
Fire department	278,031	-	-	278,031
Other	-	-	271,307	271,307
Unassigned	10,429,296	-	(1,281,719)	9,147,577
Total fund balances	11,876,613	1,373,430	(546,759)	12,703,284
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,415,393	\$ 1,502,836	\$ 3,161,689	19,079,918

City of Ammon

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

September 30, 2021

Total fund balances - governmental funds 12,703,284

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. 20,617,905

Property taxes receivable and LID assessments will be collected but are not available soon enough to pay for the current period's expenditures, and therefore are shown as unavailable in the funds. 2,369,943

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

Compensated absences	(72,971)	
Accrued interest	(26,863)	
Lease liability	(49,314)	
Notes payable	(2,062,598)	
Premium on note payable	(25,387)	
		(2,237,133)

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 asset is \$40,682, deferred inflows of resources related to pensions is \$1,301,416, and deferred outflows of resources related to pensions is \$563,382. (697,352)

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. 186,682

**Net position - governmental activities,
per statement of net position** \$ 32,943,329

The accompanying notes are integral to this financial statement

City of Ammon

Statements of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds

<i>September 30, 2021</i>	General	Street	Non-Major Gov'tals	Total
Revenues				
Property Tax Revenue	\$ 3,151,787	\$ -	\$ -	\$ 3,151,787
Franchise fees	156,438	296,875	-	453,313
Licenses and Permits	129,832	-	638,287	768,119
Intergovernmental	2,609,243	1,033,868	-	3,643,111
Penalty and charges	615	-	-	615
Planning	63,384	11,400	736,964	811,748
Recreation Fees	-	-	196,879	196,879
Investment earnings	(121,799)	16,287	90,663	(14,849)
Grants and donations	364,179	-	-	364,179
Miscellaneous revenues	179,340	11,551	77,792	268,683
Total revenues	6,533,019	1,369,981	1,740,585	9,643,585
Expenditures				
General government	1,634,069	-	-	1,634,069
Law enforcement	1,740,839	-	-	1,740,839
Fire protection	1,096,586	-	-	1,096,586
Planning & zoning	137,506	-	-	137,506
Engineering	131,495	-	-	131,495
Building	-	-	520,067	520,067
Parks	-	-	550,014	550,014
Recreation	-	-	165,188	165,188
Pool	-	-	177,880	177,880
Highways and streets	-	1,434,589	-	1,434,589
Fiber optic LID	-	-	1,522,780	1,522,780
Capital outlay	41,416	-	-	41,416
Total expenditures	4,781,911	1,434,589	2,935,929	9,152,429
Revenues over (under) expenditures	1,751,108	(64,608)	(1,195,344)	491,156
Other financing sources (uses)				
Issuance of notes	-	-	947,184	947,184
Transfers Out	(575,559)	-	549,309	(26,250)
Total other financing sources (uses)	(575,559)	-	1,496,493	920,934
Net change in fund balance	1,175,549	(64,608)	301,149	1,412,090
Fund balances, beginning of year	10,701,064	1,438,038	(847,908)	11,291,194
Fund balances, end of year	\$ 11,876,613	\$ 1,373,430	\$ (546,759)	\$ 12,703,284

City of Ammon

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

September 30, 2021

Net change in fund balances - governmental funds	1,412,090
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	830,330	
Depreciation expense	<u>(1,448,579)</u>	
		(618,249)

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. 560,529

Compensated absences are expensed as used in the governmental funds. However, they are expensed as earned on the statement of activities. 10,518

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 \$1,292,273. The change in deferred outflows of resources related to pensions is \$272,656. The change in deferred inflows of resources related to pensions is \$(1,259,330). 305,599

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long term liabilities. This is the amount by which proceeds exceed repayments. (725,779)

Internal service funds are used by the City to charge the costs of certain activities to the individual funds. The net revenue of internal service funds applicable to governmental activities is reported with governmental activities. 63,006

Change in net position of governmental activities	\$ 1,007,714
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The accompanying notes are integral to this financial statement

City of Ammon, Idaho

Statement of Net Position

September 30, 2021

	Business-Type Activities				Governmental
	Water Funds	Wastewater Funds	Nonmajor Funds	Total	Internal Service Funds
Assets					
Current assets					
Investments	\$ 2,804,903	\$ 11,282,982	\$ 3,697,541	\$ 17,785,426	\$ 289,271
Accounts Receivable	680,781	384,237	88,687	1,153,705	-
Inventory	-	-	93,685	93,685	-
Total current assets	3,485,684	11,667,219	3,879,913	19,032,816	289,271
Capital assets					
Nondepreciable assets	3,062,689	-	-	3,062,689	-
Depreciable assets, net	23,716,810	8,998,536	2,830,588	35,545,934	165,756
Right of use asset, net	44,068	44,068	-	88,136	-
Total capital assets	26,823,567	9,042,604	2,830,588	38,696,759	165,756
Other assets					
PERSI Asset	7,122	3,242	10,239	20,603	-
Total assets	30,316,373	20,713,065	6,720,740	57,750,178	455,027
Deferred outflow of resources					
Related to pensions	112,079	65,534	141,953	319,566	-
Liabilities and net position					
Current					
Accrued salaries and benefits	36,664	20,252	46,925	103,841	32,702
Accrued interest payable	40,872	252,190	-	293,062	-
Connection payable	-	200,200	-	200,200	-
Deposits payable	112,295	450	3,240	115,985	-
Grants received in advance	500,000	800,000	500,000	1,800,000	-
Lease liability - current	4,569	4,569	-	9,138	-
Notes payable - current	767,687	621,414	-	1,389,101	-
Total current	1,462,087	1,899,075	550,165	3,911,327	32,702
Noncurrent					
Interfund payable	-	-	471,400	471,400	-
Lease liability	44,745	44,745	-	89,490	-
Long-term debt	7,342,319	17,064,994	-	24,407,313	-
Total noncurrent	7,387,064	17,109,739	471,400	24,968,203	-
Total liabilities	\$ 8,849,151	\$ 19,008,814	\$ 1,021,565	\$ 28,879,530	\$ 32,702

City of Ammon, Idaho
Statements of Net Position (Continued)
September 30, 2021

	Business-Type Activities				Governmental
	Water Funds	Wastewater Funds	Nonmajor Funds	Total	Internal Service Funds
Deferred inflow of resources					
Related to pensions	227,817	103,714	327,608	659,139	-
Net position					
Net investment in capital assets	18,713,561	8,993,290	2,830,588	30,537,439	165,756
Restricted	-	1,068,523	-	1,068,523	-
Assigned	863,504	-	-	863,504	-
Unrestricted	1,774,419	(8,395,742)	2,682,932	(3,938,391)	256,569
Total net position	21,351,484	1,666,071	5,513,520	\$ 28,531,075	422,325
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				235,643	
Net position of business-type activities				\$ 28,766,718	

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Revenues, Expenses and Changes in Net Position

	Business-Type Activities				Governmental
				Total	Activities
	Water Funds	Wastewater Funds	Nonmajor Funds		Internal Service Funds
Operating revenues					
Charges for Services	\$ 3,273,187	\$ 3,443,476	\$ 1,279,505	\$ 7,996,168	\$ 643,527
Connection Fees	633,989	282,200	-	916,189	-
Penalty Fees	31,648	-	254	31,902	-
Miscellaneous Revenues	4,134	3,411	39,064	46,609	-
Total operating revenues	3,942,958	3,729,087	1,318,823	8,990,868	643,527
Operating expenses					
Power	334,869	14,325	-	349,194	-
Treatment	-	822,970	-	822,970	-
Operations and Maintenance	833,932	544,126	306,167	1,684,225	177,910
Salaries and Benefits	448,584	253,084	514,159	1,215,827	328,706
Depreciation	838,872	359,566	246,326	1,444,764	38,460
Total operating expenses	2,456,257	1,994,071	1,066,652	5,516,980	545,076
Income (loss) from Operations	1,486,701	1,735,016	252,171	3,473,888	98,451
Non-operating revenues (expenses)					
Grants and Awards	125,977	-	297,710	423,687	-
Investment Earnings	46,267	115,223	35,476	196,966	5,907
Interest Expense	(100,850)	(401,794)	-	(502,644)	-
Total non-operating revenues (expenses)	71,394	(286,571)	333,186	118,009	5,907
Transfers	-	-	26,250	26,250	-
Increase in net position	1,558,095	1,448,445	611,607	3,618,147	104,358
Net position, beginning of year	19,793,389	217,626	4,901,913	24,912,928	317,967
Net position, end of year	21,351,484	1,666,071	5,513,520	\$ 28,531,075	422,325
Change in net position - enterprise funds				3,618,147	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				41,351	
Change in net position of business-type activities				\$ 3,659,498	

The accompanying notes are integral to this financial statement

City of Ammon

Statements of Cash Flows - Proprietary Funds

<i>Year Ended September 30, 2021</i>	Business-type Activities			Governmental Activities	
	Water Funds	Wastewater Funds	Nonmajor Funds	Totals	Internal Service Funds
Cash flows from operating activities					
Receipts from customers and users	\$ 3,928,796	\$ 3,896,902	\$ 1,722,792	\$ 9,548,490	\$ 643,527
Payments to suppliers	(1,168,801)	(1,581,621)	(252,872)	(3,003,294)	(177,910)
Payments to employees	(481,932)	(291,564)	(507,643)	(1,281,139)	(334,614)
Net cash from operating activities	\$ 2,278,063	\$ 2,023,717	\$ 962,277	\$ 5,264,057	\$ 131,003
Cash flows from non-capital financing activities					
Proceeds (payments) on interfund loans	-	-	(28,000)	(28,000)	-
Net cash from non-capital financing activities	-	-	(28,000)	(28,000)	-
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(3,368,425)	(231,880)	(808,058)	(4,408,363)	(24,737)
Interest paid on long term debt	(85,025)	(409,706)	-	(494,731)	-
Principal paid on long- term debt	(784,149)	(664,713)	-	(1,448,862)	-
Receipt of non-operating grant funding	625,977	800,000	797,710	2,223,687	-
Net cash from capital and related financing activities	(3,611,622)	(506,299)	(10,348)	(4,128,269)	(24,737)
Cash flows from investing activities					
Net proceeds from sale of (purchase of) investments	1,287,292	(1,632,641)	(959,405)	(1,304,754)	(112,173)
Interest received	46,267	115,223	35,476	196,966	5,907
Net cash from investing activities	1,333,559	(1,517,418)	(923,929)	(1,107,788)	(106,266)
Net change in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

City of Ammon

Statements of Cash Flows - Proprietary Funds (Continued)

<i>Year Ended September 30, 2021</i>	Business-type Activities			Governmental Activities	
	Water Funds	Wastewater Funds	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income	\$ 1,486,701	\$ 1,735,016	\$ 252,171	\$ 3,473,888	\$ 98,451
Adjustment to reconcile operating income to net cash flows for operating activities:					
Depreciation and amortization	838,872	359,566	246,326	1,444,764	38,460
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(20,597)	168,475	404,089	551,967	-
(Increase) decrease inventories	-	-	53,295	53,295	-
Increase (decrease) in accrued expenses	(3,627)	3,415	(3,920)	(4,132)	(5,908)
Increase (decrease) in connections payable	-	(200,200)	-	(200,200)	-
Increase in customer deposits	6,435	(660)	(120)	5,655	-
Increase (decrease) in GASB 68	(29,721)	(41,895)	10,436	(61,180)	-
Net cash provided by operating activities	\$ 2,278,063	\$ 2,023,717	\$ 962,277	\$ 5,264,057	\$ 131,003

Supplemental Schedule of Noncash Investing and Financing Activities

During 2021, the City financed the purchase of capital equipment through a lease liability. This amount was split between the water, street, and wastewater funds for a total purchase price of \$181,960.

During 2021, the City transferred an asset from the Water and Wastewater funds to the Streets fund. The net amount transferred from each fund was \$32,082.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

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

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

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

There are 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

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 expense 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

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.

The City has seven nonmajor governmental funds. These include the Building Fund, Parks and Recreation, and Fiber Local Improvement Districts #1, #2, #3, #4, and #5.

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.

The City has 3 nonmajor proprietary funds. These include the Sanitation Fund, Fiber Optic Fund, and the Pressurized Irrigation Fund.

Additionally, the City reports the following fund type:

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. 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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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, 2021.

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

Cash and Investments

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

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2021. The costs of governmental fund type inventory and prepaid items are recorded as expenditures when purchased.

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, 2021. 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, 2021, are considered available to pay current liabilities. Amounts not collected are deferred and recognized when they become available to the City.

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Right of Use Assets (Continued)

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, 2021.

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, 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.

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Adoption of GASB Pronouncements

During the fiscal year ended September 30, 2021, the City implemented the following GASB Pronouncements:

GASB Statement No. 87, Leases: Issued June 2017, the objective of this statement is to improve accounting and financial reporting for leases and enhance the relevance and consistency of information about governments' leasing activities. This statement is effective for the fiscal year ending September 30, 2022 with early implementation permitted. The City chose to implement this standard beginning October 1, 2020. There was no requirement to restate prior financial information.

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

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period: Issued June 2018, the objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. This statement is effective for the fiscal year ending June 30, 2022.

GASB Statement No. 93 – Replacement of Interbank Offered Rates: Issued to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Effective for the fiscal year ending June 30, 2022.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The City has evaluated subsequent events through March 31, 2022, which is the date the financial statements were available to be issued. There are no subsequent events required to be disclosed.

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 concentration of credit risk by using several financial institutions. The formal policy as of September 30, 2021 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2021, \$2,831,604, including the money market, was not insured or collateralized.

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 \$24,925,244 and the fair value was \$24,925,244. The amount not covered by insurance was \$12,693,837.

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.

All of the City's investments that are measured or disclosed at fair value fall within Level 2 of the fair value hierarchy.

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 \$112,836 invested in the DBF at September 30, 2021.

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 3.23 years at September 30, 2021.

The City's investment accounts, including government agencies, commercial paper, corporate bonds, certificates of deposit, and money market funds, are held with Moreton Asset Management. The money market funds are included as cash in the financial statements. The weighted average duration was 1.54 years. As of September 30, 2021, the City had the following investments held with Moreton Asset Management showing the distribution by maturity and rating:

City of Ammon

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

Investment Type	Remaining Maturity (in Years)			Total Fair Value	Rating
	12 Months or Less	1-5 Years	5-10 Years		
State DBF Fund	\$ -	\$ 112,836	\$ -	\$ 112,836	AAA
Corporate Bonds	3,597,780	6,558,576	-	10,156,356	AA-/A+/A/A-/BBB+
Agency Bonds	-	299,648	-	299,648	AAA
US Gov't Bonds	-	1,625,377	-	1,625,377	
Commercial Paper	499,620	-	-	499,620	
Certificates of Deposit	4,236,715	7,994,692	-	12,231,407	NA/NR/A-1+/A-2/A-3/D
Total Investments	\$ 8,334,115	\$ 16,591,129	\$ -	24,925,244	
Plus cash				6,856,427	
Total cash and investments				\$ 31,781,671	

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

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

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

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 year ended September 30, 2021, were as follows:

Governmental Activities:	Balance 09/30/20	Increases	Decreases and Transfers	Balance 9/30/2021
Capital assets, not being depreciated:				
Land	\$ 918,686	\$ 124,113	\$ 27,798	\$ 1,070,597
Construction in progress	196,446	296,409	(56,217)	436,638
Total capital assets, not being depreciated	1,115,132	420,522	(28,419)	1,507,235
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,145,699	\$ 117,581	\$ (27,798)	\$ 3,235,482
Infrastructure	47,515,192	79,653	56,217	47,651,062
Machinery and equipment	4,302,592	231,882	(113,265)	4,421,209
Total capital assets, being depreciated	54,963,483	429,116	(84,846)	55,307,753
Accumulated depreciation:				
Buildings and improvements	(1,413,059)	(120,537)	-	(1,533,596)
Infrastructure	(30,507,707)	(1,057,658)	-	(31,565,365)
Machinery and equipment	(2,791,872)	(297,827)	113,265	(2,976,434)
Total accumulated depreciation	(34,712,638)	(1,476,022)	113,265	(36,075,395)
Total capital assets, being depreciated, net	\$ 20,250,845	\$ (1,046,906)	\$ 28,419	\$ 19,232,358
Right of use asset:				
Right of use asset	-	55,085	-	55,085
Accumulated amortization	-	(11,017)	-	(11,017)
Total right of use asset, net	-	44,068	-	44,068
Governmental activities capital assets, net	\$ 21,365,977	\$ (582,316)	\$ -	\$ 20,783,661

Business-type Activities:	Balance 09/30/20	Increases	Decreases and Transfers	Balance 9/30/2021
Capital assets, not being depreciated:				
Land and water rights	\$ 563,414	\$ 169,548	\$ -	\$ 732,962
Construction in progress	1,221,303	1,650,736	(542,312)	2,329,727
Total capital assets, not being depreciated	1,784,717	1,820,284	(542,312)	3,062,689
Capital assets, being depreciated:				
Buildings and improvements	8,384,131	9,000	-	8,393,131
Infrastructure	33,540,914	2,170,785	202,942	35,914,641
Machinery and equipment	6,008,765	434,544	339,370	6,782,679
Total capital assets, being depreciated	47,933,810	2,614,329	542,312	51,090,451
Accumulated depreciation:				
Buildings and improvements	(2,875,258)	(248,327)	-	(3,123,585)
Infrastructure	(7,858,212)	(751,865)	-	(8,610,077)
Machinery and equipment	(3,388,317)	(422,538)	-	(3,810,855)
Total accumulated depreciation	(14,121,787)	(1,422,730)	-	(15,544,517)
Total capital assets, being depreciated, net	33,812,023	1,191,599	542,312	35,545,934

City of Ammon

Notes to Financial Statements

Note 3: Capital Assets (Continued)

Business-type Activities:	Balance 09/30/20	Increases	Decreases and Transfers	Balance 9/30/2021
Right of use asset:				
Right of use asset	-	110,170	-	110,170
Accumulated amortization	-	(22,034)	-	(22,034)
Total right of use asset, net	-	88,136	-	88,136
Business-type activities capital assets, net	\$ 35,596,740	\$ 3,100,019	\$ -	\$ 38,696,759

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

Governmental activities:	
General government	35,445
Fire protection	127,998
Building	7,109
Parks and recreation	90,335
Highway and streets	1,187,692
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	38,460
Total depreciation and amortization expense, governmental activities	1,487,039
Business-Type activities:	
Water	838,871
Wastewater	359,566
Sanitation	106,451
Fiber Optic	139,876
Total depreciation and amortization expense, business-type activities	1,444,764

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.

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021, it was 7.16% and 9.13% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$339,425 for the year ended September 30, 2021.

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

At September 30, 2021, the City reported an asset for its proportionate share of the net pension liability(asset). The net pension liability(asset) was measured as of June 30, 2021, and the total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date. 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, 2021, the City's proportion was .077598 percent.

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

For the year ended September 30, 2021, the City recognized pension expense of \$254,613. At September 30, 2021, 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	\$ 90,296	\$ 35,623
Changes in assumptions or other inputs	703,479	-
Net difference between projected and actual earnings on pension plan investments	-	1,924,932
City contributions subsequent to the measurement date	89,173	-
Total	\$ 882,948	\$ 1,960,555

\$89,173 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, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021, the beginning of the measurement period ended June 30, 2020, is 4.7 years and 4.6 years for the measurement period June 30, 2021.

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

Year Ended September 30,

2022	\$ (274,466)
2023	(247,350)
2024	(216,155)
2025	(428,809)

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.

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

The total pension liability(asset) in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-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 other than mortality. The Total Pension Liability (Asset) as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate rates or expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

Capital Market Assumptions from Callan 2021

<i>Year Ended September 30, 2021</i>	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	1.80 %	(0.20)%
Broad US Equities	55.00 %	8.00 %	6.00 %
Developed Foreign Equities	15.00 %	8.25 %	6.25 %
Assumed Inflation - Mean		2.00 %	2.00 %
Assumed Inflation - Standard Deviation		1.50 %	1.50 %
Portfolio Arithmetic Mean Return		6.18 %	4.18 %
Portfolio Standard Deviation		12.29 %	12.29 %
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55 %	3.46 %
Assumed Investment Expenses		0.40 %	0.40 %
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15 %	3.06 %

Economic/Demographic Assumptions from Milliman 2021

Valuation Assumptions Chosen by PERSI Board:

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05 %
Assumed Inflation	2.30 %
Long-term Geometric Rate of Return, Net of Investment Expenses	6.35 %

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 period 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.

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

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:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 2,130,415	\$ (61,286)	\$ (1,857,867)

Pension plan fiduciary net position

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

Payables to the pension plan

At September 30, 2021, 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, 2021, are as follows:

Fund	Receivable	Payable
General Fund	1,832,568	-
LID #1 Fund	-	587,520
LID #5 Fund	-	773,648
Fiber optic fund	-	471,400
Total	1,832,568	1,832,568

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. No repayment terms were set for the LID#5 at September 30, 2021.

Repayment of the Fiber 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 third payment was made during the 2021 fiscal year.

City of Ammon

Notes to Financial Statements

Note 5: Interfund Balances and Activity (Continued)

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, 2021, were as follows:

Fund	Transfer In	Transfer Out
General fund	-	575,559
Parks and recreation	575,559	-
Total	575,559	575,559

The General Fund transferred \$575,559 to the Parks fund to assist cash flows within the City. Assets were transferred between the Water and Wastewater funds to the Fiber fund. In addition, expenditures for the partial purchase of assets were paid for with funds from the Fiber Local Improvement District #5 and transferred to the Fiber Optic Fund in the amount of \$26,250.

Note 6: Long-Term Obligations

Governmental Funds:

Compensated Absences - The City's benefits include a provision for compensated absences. The liability for this benefit is liquidated by the fund in which the employee is paid from.

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 the 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. The bond, part of the Fiber Optic LID #4, requires annual payment of \$78,028 for 15 years and has an interest rate of 2.77%.

The following is a summary of the changes in long-term obligations for the year ended September 30, 2021, for the governmental activities:

	Balance at October 1, 2020	Additions	Payments	Balance at September 30, 2021	Due Within One Year
Compensated absences	\$ 83,489	\$ -	\$ (10,518)	\$ 72,971	\$ 72,971
Fiber Bond #2	552,762	-	(18,100)	534,662	19,005
Premium on Fiber Bond	26,249	-	(862)	25,387	902
Fiber Bond #3	783,196	-	(202,444)	580,752	48,312
Fiber Bond #4	-	947,184	-	947,184	51,791
Lease liability	-	55,085	(5,771)	49,314	4,640
Total	\$ 1,445,696	\$ 1,002,269	\$ (237,695)	\$ 2,210,270	\$ 197,621

City of Ammon

Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

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

Year Ended September 30,	Principal	Interest	Total	Premium
2022	119,108	69,696	\$ 188,804	\$ 902
2023	122,886	65,919	188,805	948
2024	126,788	62,016	188,804	995
2025	130,826	57,980	188,806	1,045
2026	134,996	53,808	188,804	1,097
2027-2031	742,727	201,306	944,033	6,365
2032-2036	560,710	88,930	649,640	8,123
2037-2040	124,557	12,658	137,215	5,912
Total	2,062,598	612,313	\$ 2,674,911	\$ 25,387

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.

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.

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

Year Ended September 30,	Principal	Interest	Total
2022	\$ 1,389,101	\$ 542,924	\$ 1,932,025
2023	1,465,398	466,627	1,932,025
2024	1,489,416	442,609	1,932,025
2025	1,515,855	416,170	1,932,025
2026	1,541,804	390,221	1,932,025
2027-2031	8,114,738	1,545,388	9,660,126
2032-2036	4,403,363	939,247	5,342,610
2037-2041	4,925,485	417,125	5,342,610
2042-2043	951,255	15,529	966,784
Total	\$ 25,796,415	\$ 5,175,840	\$ 30,972,255

City of Ammon

Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

Following is a summary of the changes in long-term obligations for the year ended September 30, 2021, for the enterprise funds:

Governmental activities:	Beginning Balance		Increase	Decrease	Ending Balance		Due Within One Year
	October 1, 2020				September 30, 2021		
Lease liability	\$ -	\$ 110,170	\$ (11,543)	\$ 98,627	\$ 8,458		
Refunding Bond - Water	8,888,384	-	(778,378)	8,110,006	767,688		
Revenue Bond - Sewer	18,345,350	-	(658,941)	17,686,409	621,413		
Total	\$ 27,233,734	\$ 110,170	\$ (1,448,862)	\$ 25,895,042	\$ 1,397,559		

The City has pledged future water customer revenues, net of specified operating expenses, to repay the \$8,110,006 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 \$17,686,409 wastewater revenue bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

Note 7: Lease Agreements

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. Lease expense in the current year was \$5,431 in each fund, or \$16,294 total.

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

Year Ended September 30,	Principal	Interest	Total
2022	12,687	5,005	\$ 17,692
2023	14,088	3,604	17,692
2024	14,480	3,212	17,692
2025	14,884	2,808	17,692
2026	91,803	1,697	93,500
Total	147,942	16,326	\$ 164,268

Note 8: Deficit Fund Balance

The Fiber Optic Local Improvement District #1 is in a deficit of \$427,747 at September 30, 2021. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic Local Improvement District #5 is in a deficit of \$788,930 at September 30, 2021. This amount is expected to be repaid through the collections in the LID over time. The Parks Department is in a deficit of \$65,042 at September 30, 2021. This amount is expected to be repaid through transfers and fees over time. The Pressurized Irrigation fund is new in the current year and has a deficit of \$4,140 at September 30, 2021. This amount is expected to reverse in the 2022 fiscal year as the program is implemented and fees are collected.

City of Ammon

Notes to Financial Statements

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. The City's fund balance at September 30, 2021 is broken out as follows:

Governmental Funds	General	Street	Non-Major Funds	Total
Nonspendable				
Interfund loans	\$ 1,058,920	\$ -	\$ -	\$ 1,058,920
Prepaid expenses	94,247	-	-	94,247
Restricted for:				
East Hills	16,119	-	-	16,119
Development commitments	-	118,251	-	118,251
Committed for:				
Street projects	-	1,255,179	-	1,255,179
Assigned For				
Asset replacement	-	-	463,653	463,653
Fire department	278,031	-	-	278,031
Other	-	-	271,307	271,307
Unassigned	10,429,296	-	(1,281,719)	9,147,577
Total	\$ 11,876,613	\$ 1,373,430	\$ (546,759)	\$ 12,703,284

As of September 30, 2021, the City had restricted street funds for the following projects:

<i>Projects:</i>	2021
Snowcrest Development	\$ 54,209
Mountain Bend - Division 2	47,707
Rockwell Homes	2,750
Liberty Homes	2,720
Kartchner Homes	2,093
JKY Properties - All star Homes	1,000
Hilltop Homes	600
My Storage Ammon	2,800
Guardian Homes	4,097
Vantage Point	275
Total	\$ 118,251

City of Ammon

Notes to Financial Statements

Note 10: Jointly Governed Organization

The City is participating in a joint venture with the City of Shelley, Bingham County, and Bonneville County for a treatment plant for wastewater. The City entered into a joint powers agreement to provide joint financing, design, acquisition, construction, management, and operation of a regional wastewater treatment and disposal facility.

A separate legal entity, Eastern Idaho Regional Wastewater Authority (EIRWWA), was created. It is governed by a board made up of representatives from each of the members of the joint powers agreement. Capitalized assets acquired by the members of the joint powers agreement for EIRWWA during the construction phase were donated to the Authority as that phase becomes operational.

The Board of the EIRWWA assesses and collects from each participating member discharge/hookup fees, operation and maintenance fees, and fees to pay for costs in excess of defined equivalent residential unit (ERU) allocations each year.

Each member must collect, as a minimum, discharge/hookup fees, and operation and maintenance fees established by the board and remit them to the Authority. Each member may also establish its own operation and maintenance fees and discharge/hookup fees in addition to those determined by the board as well as debt service fees.

In the event of federal, state, or local court action concerning the facility, each member will assume responsibility for such litigation in a direct proportion to the percentage of use of the system. If the facility needs to expand in the future and the EIRWWA does not have adequate funds in their reserve fund accumulated from the discharge/hookup fees, each member of the joint powers agreement will pay additional funds necessary to construct the complete next phase of the development of the facility.

During the fiscal year ended September 30, 2010, the facility began accepting flow from the City of Shelley, Bonneville County, and Bingham County. As per the joint powers agreement, the City of Ammon distributed the capitalized assets acquired during the construction of the treatment plant to the Authority (\$9,564,999). The initial capitalization of the EIRWWA as of September 30, 2010, was \$27,863,728. During the fiscal year ended September 30, 2012, the City connected to the treatment plant and distributed the capitalized assets acquired during the construction of the Eastern Interceptor line of \$17,480,587 and contributed an additional \$809,659 during the year ended September 30, 2013.

The costs of the operations of the EIRWWA are being allocated based on the users of the system. Currently, this results in 70% being allocated to the City of Ammon. The City of Ammon paid \$785,766 for flow charges and \$1,401,401 for the capacity replacement fees the City collected for EIRWWA during the 2020-2021 fiscal year.

The Eastern Idaho Regional Wastewater Authority has a fiscal year end of September 30. Financial statements are available at:

EIRWWA
618 E 1250 N
Shelley, ID 83274

City of Ammon

Notes to Financial Statements

Note 11: Ammon Urban Renewal Agency

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

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

Cash and Investments. At September 30, 2021, the carrying amount and bank balance of the Agency's deposits was \$106,847. The entire balance was covered by federal depository insurance.

Bonds Payable. The Agency issued \$2,935,000 of Multi-mode Variable Rate Revenue Allocation (Tax Increment) Bonds, Series 1999A in July 1999. The payment on these bonds is interest only, until maturity at August 1, 2024. The interest rate on these bonds is variable. The Agency exercised their optional redemption rights and redeemed \$2,490,000 of these bonds since original issue bringing the principal remaining balance to \$165,000.

Restricted Fund Balance. A portion of the fund balance of the Debt Service Reserve Fund was created to segregate a portion of fund balance for debt service, including both principal and interest payments.

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, 2021, 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, 2021, 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, 2021, was approximately \$2,076,697.

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

	Series 1999A Bonds	Notes Payable
Balance at October 1, 2020	265,000	964,065
Principal payment	100,000	
Balance at September 30, 2021	165,000	964,065

Letter-of-Credit. The Agency entered into an irrevocable direct-pay letter-of-credit dated July 21, 1999, with Wells Fargo Bank in order to secure and facilitate payment of principal and interest on the Series 1999 Bonds (the Bonds). The agreement amount is not to exceed the outstanding principal amount of the Bonds and 45 days' interest calculated at 12% per annum. The letter-of-credit has been extended until August 1, 2022. The letter-of-credit fee is due in advance on August 1 of each year and is equal to 2% of the outstanding principal of the Bonds. The letter-of-credit fees incurred for the year ended September 30, 2021, was \$5,787.

City of Ammon

Notes to Financial Statements

Note 11: Ammon Urban Renewal Agency (Continued)

Economic Dependency. The Agency receives approximately 80% of its tax revenue from three entities.

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, 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.

Prior Period Adjustment. After inspection of the Phase I, Series 1997A and 1997B notes, it was discovered that the amount of interest being accrued was overstated by \$3,689,052 caused by the calculation of interest on a compounding basis rather than a simple basis as stipulated in the note. This amount adjusted the accrued interest.

Required Supplemental Information

City of Ammon, Idaho

Statement of Revenues, Expenditures, and Changes in Fund Balance

-Budget and Actual-

Governmental Funds

For the Year Ended September 30, 2021

	General		
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property taxes	3,086,959	3,151,787	64,828
Franchise fees	170,000	156,438	(13,562)
Licenses and permits	91,750	129,832	38,082
Intergovernmental revenue	1,798,660	2,609,243	810,583
Penalty and charges		615	615
Planning	65,232	63,384	(1,848)
Earnings on investments	126,376	(121,799)	(248,175)
Grants and awards	1,367,200	364,179	(1,003,021)
Miscellaneous revenues	231,405	179,340	(52,065)
Total revenues	6,937,582	6,533,019	(404,563)
EXPENDITURES			
General government	2,496,685	1,634,069	862,616
Law enforcement	1,749,552	1,740,839	8,713
Fire protection	1,269,189	1,096,586	172,603
Planning and zoning	132,796	137,506	(4,710)
Engineering	160,695	131,495	29,200
Capital outlay	217,194	41,416	175,778
Total expenditures	6,026,111	4,781,911	1,244,200
Revenues over (under) expenditures	911,471	1,751,108	839,637
OTHER FINANCING SOURCES (USES)			
Operating transfers	(625,559)	(575,559)	50,000
Revenues and other financing sources over (under) expenditures and other uses	<u>285,912</u>	1,175,549	<u>889,637</u>
Fund balance at October 1, 2020		10,701,064	
Fund balance at September 30, 2021		<u>11,876,613</u>	

See Independent Auditor's Report

City of Ammon, Idaho

Statement of Revenues, Expenditures, and Changes in Fund Balance

-Budget and Actual-

Governmental Funds

For the Year Ended September 30, 2021

	Street		
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Franchise fees	275,000	296,875	21,875
Intergovernmental revenue	641,999	1,033,868	391,869
Planning		11,400	11,400
Earnings on investments	21,746	16,287	(5,459)
Miscellaneous revenue	61,200	11,551	(49,649)
Total revenues	999,945	1,369,981	370,036
EXPENDITURES			
Highway and streets	2,065,210	1,434,589	630,621
Total expenditures	2,065,210	1,434,589	630,621
Revenues over (under) expenditures	(1,065,265)	(64,608)	1,000,657
Revenues and other financing sources over (under) expenditures and other uses	(950,515)	(64,608)	885,907
Fund balance at October 1, 2020		1,438,038	
Fund balance at September 30, 2021		1,373,430	

See Independent Auditor's Report

City of Ammon, Idaho

Required Supplementary Information

Fiscal Year Ended September 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015
Employer's portion of net pension liability (asset)	0.07760%	0.07737%	0.07711%	0.07112%	0.06602%	0.06434%	0.06471%
Employers proportionate share of the net pension liability (asset)	(61,286)	1,796,636	880,145	1,049,062	1,037,718	1,304,338	852,082
Employer's covered payroll	2,783,300	2,765,392	2,618,938	2,369,811	2,050,530	1,881,846	1,812,412
Employer's proportional share of the net pension liability(asset) as a percentage of its covered payroll	-2.20%	64.97%	33.61%	44.27%	50.61%	69.31%	47.01%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.36%	88.22%	93.79%	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, 2021

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

	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	326,352	338,594	308,277	268,812	240,568	215,743	206,496
Contributions in relation to the statutorily required contribution	326,352	338,594	308,277	268,812	240,568	215,743	206,496
Contribution (deficiency) excess	0	0	0	0	0	0	0
Employer's covered payroll	2,733,270	2,824,401	2,678,343	2,354,629	2,117,587	1,898,349	1,816,643
Contributions as a percentage of covered payroll	11.94%	11.99%	11.51%	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, 2021

See Independent Auditor's Report

Other Information

City of Ammon, Idaho

Nonmajor Governmental Funds

Special Revenue Funds

September 30, 2021

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.

Parks and Recreation Fund

The Parks and Recreation Fund is used to account for the City pool and various grants received from federal, state, and local governments, and private contributions for youth programs that are designed to build skills and competencies among the City's youth. This fund is also used to account for the acquisition and/or development of recreational facilities and open space.

Fiber Optic Local Improvement District #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.

See Independent Auditor's Report

City of Ammon, Idaho

All Nonmajor Funds

Combining Balance Sheet

September 30, 2021

	Building	Parks & Recreation	Fiber Optic Improvement District #1	Fiber Optic Improvement District #2	Fiber Optic Improvement District #3	Fiber Optic Improvement District #4	Fiber Optic Improvement District #5	All Nonmajor Funds
ASSETS								
Cash	429,552	(69,227)	131,612	70,501	42,146	58,117	0	662,701
Other receivables	48,263	14,519	487,103	435,315	619,665	894,123	0	2,498,988
Total assets	477,815	(54,708)	618,715	505,816	661,811	952,240	0	3,161,689
LIABILITIES								
Accrued salaries and benefits	13,104	10,334					11,736	35,174
Accrued interest payable			7,393	17,871	5,529	2,085	3,546	36,424
Deposits payable	1,058						0	1,058
Due to other funds			587,520				773,648	1,361,168
Total liabilities	14,162	10,334	594,913	17,871	5,529	2,085	788,930	1,433,824
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues		0	451,549	406,308	581,689	835,078	0	2,274,624
FUND BALANCES								
Assigned								
Asset replacement	463,653							463,653
Other				81,637	74,593	115,077		271,307
Unassigned		(65,042)	(427,747)				(788,930)	(1,281,719)
Total fund balances	463,653	(65,042)	(427,747)	81,637	74,593	115,077	(788,930)	(546,759)
Total liabilities and fund balances	477,815	(54,708)	618,715	505,816	661,811	952,240	0	3,161,689

See Independent Auditor's Report

City of Ammon, Idaho

All Nonmajor Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended September 30, 2021

	Building	Parks and Recreation	Fiber Optic Improvement District #1	Fiber Optic Improvement District #2	Fiber Optic Improvement District #3	Fiber Optic Improvement District #4	Fiber Optic Improvement District #5	All Nonmajor Funds
REVENUES								
Licenses and permits	638,287						0	638,287
LID Assessments			95,584	77,805	114,816	448,759		736,964
Recreation fees		196,879					0	196,879
Earnings on investments	3,920		16,995	22,012	20,406	27,330	0	90,663
Miscellaneous revenue	4,002	69,447				4,343	0	77,792
Total revenues	646,209	266,326	112,579	99,817	135,222	480,432	0	1,740,585
EXPENDITURES								
Building	520,067						0	520,067
Parks		550,014					0	550,014
Recreation		165,188					0	165,188
Pool		177,880					0	177,880
Fiber Optic LID			18,207	40,022	223,135	478,736	762,680	1,522,780
Total expenditures	520,067	893,082	18,207	40,022	223,135	478,736	762,680	2,935,929
Revenues over (under) expenditures	126,142	(626,756)	94,372	59,795	(87,913)	1,696	(762,680)	(1,195,344)
OTHER FINANCING SOURCES (USES)								
Issuance of notes				0	0	947,184	0	947,184
Operating transfers		575,559				0	(26,250)	549,309
Total financing sources (uses)	0	575,559	0	0	0	947,184	(26,250)	1,496,493
Revenues and other financing sources over (under) expenditures	126,142	(51,197)	94,372	59,795	(87,913)	948,880	(788,930)	301,149
Fund balance (deficit) at October 1, 2020	337,511	(13,845)	(522,119)	21,842	162,506	(833,803)	0	(847,908)
Fund balance (deficit) at September 30, 2021	463,653	(65,042)	(427,747)	81,637	74,593	115,077	(788,930)	(546,759)

See Independent Auditor's Report

City of Ammon, Idaho

All Nonmajor Funds

Combining Statement of Net Position

Proprietary Funds

September 30, 2021

	Fiber Optic	Pressurized Irrigation	Sanitation	All Nonmajor Funds
ASSETS				
Current assets				
Investments	756,499	(4,140)	2,945,182	3,697,541
Accounts receivable	46,697		41,990	88,687
Inventory	93,685			93,685
Total current assets	896,881	(4,140)	2,987,172	3,879,913
Depreciable capital assets, net	2,319,983		510,605	2,830,588
Net pension asset	8,021		2,218	10,239
Total assets	3,224,885	(4,140)	3,499,995	6,720,740
Deferred Outflows of Resources				
Related to pensions	80,821		61,132	141,953
LIABILITIES				
Current				
Accrued salaries and benefits	28,934		17,991	46,925
Grants received in advance	500,000			500,000
Customer deposits			3,240	3,240
Total current liabilities	528,934	-	21,231	550,165
Noncurrent				
Interfund loan payable	471,400			471,400
Total liabilities	1,000,334	-	21,231	1,021,565
Deferred Inflows of Resources				
Related to pensions	256,636		70,972	327,608
NET POSITION				
Net investment in capital assets	1,848,583		510,605	2,359,188
Unrestricted	200,153	(4,140)	2,958,319	3,154,332
Total net position (deficit)	2,048,736	(4,140)	3,468,924	5,513,520

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho

All Nonmajor Funds

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

Proprietary Funds

For the Year Ended September 30, 2021

	Fiber Optic	Pressurized Irrigation	Sanitation	All Nonmajor Funds
OPERATING REVENUES				
Charges for services	605,352		674,153	1,279,505
Connection fees				0
Penalties	254			254
Miscellaneous	26,569		12,495	39,064
Total operating revenues	632,175	0	686,648	1,318,823
OPERATING EXPENSES				
Operation and maintenance	30,892	4,140	271,135	306,167
Salaries and benefits	373,526		140,633	514,159
Depreciation	139,876		106,450	246,326
Total operating expenses	544,294	4,140	518,218	1,066,652
Income (loss) from operations	87,881	(4,140)	168,430	252,171
NON-OPERATING REVENUES (EXPENSES)				
Grants	297,710			297,710
Earnings on investments	3,979		31,497	35,476
Total non-operating revenues (expenses)	301,689	0	31,497	333,186
OTHER FINANCING SOURCES (USES)				
Transfer of assets	26,250			26,250
Total other financing sources (uses)	26,250	0	0	26,250
Change in net position	415,820	(4,140)	199,927	611,607
Net position at October 1, 2020	1,632,916	0	3,268,997	4,901,913
Net position at September 30, 2021	2,048,736	(4,140)	3,468,924	5,513,520

See Independent Auditor's Report

Annual Federal Compliance Section

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Ammon (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Ammon's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 City'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'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

March 31, 2022
Idaho Falls, Idaho

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

Honorable Mayor and City Council
City of Ammon
Ammon, Idaho

Report on Compliance for Each Major Federal

We have audited City of Ammon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2021. City of Ammon's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for City of Ammon's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Ammon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on City of Ammon's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

Management of the City of Ammon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Ammon's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Ammon's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Wipfli LLP

March 31, 2022
Idaho Falls, Idaho

City of Ammon

Schedule of Findings and Questioned Costs

Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:
Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance) _____ Yes X No

Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
21.019	COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

City of Ammon

1. Audit Findings in Relation to the Financial statements - None
2. Audit Findings and Questioned Costs in Relation to Federal Awards - None

City of Ammon
Schedule of Expenditures of Federal Awards

Year Ended September 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title	Federal AL# Number	Pass-Through Entity Identifying Number	Disbursements / Expenditures
United States Department of Treasury			
Passed through Idaho State Department of Commerce:			
COVID-19 – Coronavirus Relief Fund	21.019	20-1892-0-1-806	297,710
Total Department of Commerce			297,710
Passed through Idaho State Controller’s Office:			
COVID-19 – Coronavirus Relief Fund	21.019		363,180
Total Idaho State Controller’s Office			363,180
Total AL# 21.019			660,890
Total US Department of Treasury			660,890
United States Department of Interior			
Direct Programs:			
WaterSMART (Sustain and Manage America’s Resources)	15.507		125,977
Total Direct Programs			125,977
Total US Department of Interior			125,977
Total Expenditures of Federal Awards			786,867

See Notes to Schedule of Expenditures of Federal Awards

City of Ammon

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended September 30, 2021

Note 1: General

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

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

City of Ammon has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Sub-Recipients

City of Ammon does not have any sub-recipients of federal awards.

City of Ammon
Schedule of Prior Audit Findings
Year Ended September 30, 2021

Finding 2020-001 Internal Controls over Revenue Recognition - **Implemented**

Finding 2020-002 Awareness of Federal Spending - **Implemented**