

City of Ammon

Ammon, Idaho

Annual Financial Report

Year Ended September 30, 2020



City of Ammon

Year Ended September 30, 2020

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City of Ammon

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City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2020

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, 2020. 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 2020 by \$57,042,835 (net position). Of this amount, \$18,191,060 (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 \$12,526,153 in comparison with the prior year mainly due to increases in water and wastewater revenues; increases in property tax revenues through the county; due to donations from 9 subdivisions who were annexed in during the fiscal year; and because of additional grant and COVID-19 related funding.
- As of the close of fiscal year 2020, the City of Ammon's governmental funds reported combined ending fund balances of \$11,291,194, an increase of \$869,152 in comparison with the prior year. Approximately \$9,010,841 of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of fiscal year 2020, unassigned fund balance for the General fund was \$10,380,608.

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, 2020

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, and fiber optic 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 three 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, the Street Fund, and the Parks and Recreation 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, and fiber optic operations.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2020

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, wastewater, sanitation, and fiber optic operations, of which each but fiber optic operations 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 \$57,042,835 as of September 30, 2020.

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 2020 compared to 2019:

	<u>2020</u>	<u>2019</u>
Assets		
Current and other assets	32,615,042	32,008,249
Capital assets	56,962,719	46,359,644
Total assets	90,224,141	78,367,893
Deferred outflows of resources	472,200	218,523
Liabilities		
Current and other liabilities	2,502,665	2,742,466
Long-term liabilities	31,092,176	30,923,699
Total liabilities	33,594,841	33,666,165
Deferred inflows of resources	58,665	403,569
Net position		
Net investment in capital assets	37,699,127	29,640,896
Restricted	1,195,129	2,403,063
Unrestricted	18,191,060	12,472,723
Total net position	57,042,835	44,516,682

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2020

The restricted portion of the City's net position, \$1,195,129, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$18,191,060, 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 \$12,516,682 from \$44,516,682 at September 30, 2019, to \$57,042,835 at September 30, 2020. Governmental activities increased \$4,479,383 over the prior year while business-type activities increased \$8,046,770 over the same period.

Governmental Activities. Governmental activities increased the City's net position by \$4,479,383. Key elements of this increase are as follows:

- Donation of capital assets related to several annexed subdivisions.
- Receipt of COVID-19 and other state and federal project grants.

The following table shows the changes in net position for fiscal years 2020 and 2019.

	2019 Governmental Activities	2020 Governmental Activities	2019 Business- type Activities	2020 Business- type Activities
Revenues				
Program revenues				
Charges for services	925,681	891,826	8,556,695	8,514,733
Operating grants and contributions	806,895	958,612		
Capital grants and contributions	616,224	4,841,987	47,013	5,100,433
General revenues				
Property taxes	2,775,416	2,957,693		
LID assessments	685,165	952,640		
Intergovernmental revenues	1,760,974	1,932,882		
Miscellaneous	1,069,339	1,255,877	696,616	299,400
Total revenues	<u>8,639,694</u>	<u>13,791,517</u>	<u>9,300,324</u>	<u>13,914,566</u>

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2020

	2019 Governmental Activities	2020 Governmental Activities	2019 Business- type Activities	2020 Business- type Activities
Expenses				
General government	1,383,408	1,997,100		
Law enforcement	1,602,667	1,712,295		
Fire protection	1,269,678	1,127,625		
Planning and zoning	68,044	121,111		
Engineering	36,275	59,776		
Building	423,300	489,162		
Parks	395,768	493,467		
Recreation	23,691	79,868		
Pool	165,174	137,849		
Highway and streets	2,186,505	1,895,860		
Fiber optic LID	905,534	1,192,069		
Capital outlay	2,909	5,952		
Water			2,431,343	2,717,067
Wastewater			2,209,588	2,189,969
Sanitation			876,893	581,801
Fiber optic			355,395	378,959
Total expenses	<u>8,462,953</u>	<u>9,312,134</u>	<u>5,873,219</u>	<u>5,867,796</u>
Changes in net position	<u>176,741</u>	<u>4,479,383</u>	<u>3,427,105</u>	<u>8,046,770</u>

Business-type Activities. Business-type operating activities increased the City's net position by \$8,046,770. Key elements of this increase are as follows:

- Total revenues increased by \$4,614,242 for the year ended September 30, 2020, due to the donation of 9 subdivisions that were annexed into the City during 2020.
- Total expenses decreased by \$5,423 for the year ended September 30, 2020.

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, unreserved 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, 2020, the City's governmental funds reported combined ending fund balances of \$11,291,194, an increase of \$869,152 in comparison with the prior year. Approximately 80% of this total amount, \$9,010,841, 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.

The General Fund is the chief operating fund of the City. At September 30, 2020, unassigned fund balance of the General Fund was \$10,380,608 while total fund balance is \$10,701,064. 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.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2020

The fund balance of the City's General Fund increased by \$723,785 during the current fiscal year. The key factors in this are:

- Revenues increased by \$658,476 which stems from increased property tax collections and increased sales tax and other intergovernmental revenue thanks to a new state-wide formula. Investment earnings were also higher than in the previous year.
- Expenditures also increased, the operating transfers to the parks fund to cover their operations was more but capital outlays decreased.
- The City received funding for COVID-19 to mitigate or reimburse additional costs associated with responding to the pandemic.

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, and Fiber Optic Funds at September 30, 2020, amounted to \$24,912,929. The total increase in net position for the funds including the internal services fund was \$8,046,770. 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 2019 - 2020 Governmental Fund budget.

	Budgeted	Expended
General Government	1,873,553	2,081,316
Enforcement	1,744,357	1,712,295
Fire	1,228,394	995,174
Building	543,333	481,479
Parks and Recreation	1,252,141	922,225
Sanitation	861,265	583,601
Wastewater	3,732,728	1,777,980
Street	1,999,623	5,779,542
Water	6,985,089	2,494,402
Technology	635,300	542,532
Fiber optic	3,124,554	378,959
Fiber optic LID		1,183,603
	23,283,337	18,933,108
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 new 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 Street Fund appears to have expended more due to the annexation of 9 subdivisions for a total value to that fund of \$4.5 million. 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, 2020

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, 2020, amounts to \$56,962,719 (net of accumulated depreciation.) Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, and when applicable, construction in process.

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:

- Ammon was awarded a CARES COVID-19 grant from the State of Idaho for \$567,000 to pay for COVID related expenses.
- Ammon was awarded three Broadband grants from the State of Idaho – Department of Commerce for a total of \$874,907. The IGB program is for the purpose of funding projects implementing broadband infrastructure across underserved and unserved areas of the state, helping to facilitate distance learning and teleworking, increase access to telehealth and telemedicine, and improve public safety, commerce, and overall well-being.
- Ammon was awarded a grant from the United States Department of the Interior Bureau of Reclamation for \$300,000 to help with the water meter installation project.
- The Building department was busy in 2020. The total valuation of all construction for fiscal year 2020 was \$53,830,269, which comprises 234 new single family dwellings, 0 new multifamily dwellings (apartments), 33 new commercial businesses, 112 new residential alterations, and 61 new commercial alterations.
- In 2020, the City annexed 27.223 acres into the city limits including the first parcel zoned Multi-Use.
- The major change for the Fire Department this year was the City Council vote to move the City into the Bonneville County Fire Protection District #1. This had no change to operations with no net increase in taxes for the citizens. The effective date is October 1, 2020.
- Fiber Local Improvement District (LID) # 4 was created, it includes Woodland Hills, Cortland Ridge, Highland Springs, and Fox Hollow. LID # 4 will pass over 600 homes and add over 350 connections.
- Over half of the City now has access to the municipal fiber system. There are approximately 822 homes connected on the fiber as of 9/30/20. 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.
- In McCowin Park two 20' x 50' shade sails were installed around the Splash Zone along with one 20' x 75' and one 20' x 30' shade sails installed within the pool fenced area. Five pickleball courts were added and two tennis courts refurbished.

Debt Administration. The City refinanced their water bond during the year, reducing their interest rate and the payment requirement. In total, the City paid \$706,247 of principal during the year. The City continued repaying the revenue bond on the wastewater and paid \$691,856 of principal during the year.

City of Ammon, Idaho

Management's Discussion and Analysis

September 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

2020 was a year like no other with the COVID-19 pandemic, temporary closing of City facilities, shortage of toilet paper, mask wearing, and working from home. Ammon is a strong community that has come together to help neighbors in need and support each other. Even through these tough times home values increased, events were modified, and memories were made. Ammon made great progress on the strategic plan, adopting a pressurized irrigation ordinance and study, started the Ammon Little League, and adopted an annexation plan and ordinance.

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
 - # 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, 2020, 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 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, 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, 2020, 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 18, 2021, 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.



Wipfli LLP
Idaho Falls, Idaho

March 18, 2021

City of Ammon, Idaho

Government-wide Statement of Net Position

September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	11,543,789	16,480,672	28,024,461	26,730
Receivables				
Property taxes	112,815		112,815	17,299
Intergovernmental	479,747		479,747	
Accounts receivable		1,705,672	1,705,672	
Other	2,265,748		2,265,748	
Internal balances	305,109	194,291	499,400	
Inventory		146,980	146,980	
Prepaid insurance	26,599		26,599	
Capital assets				
Nondepreciable assets	1,115,134	1,784,717	2,899,851	
Depreciable assets, net	20,250,845	33,812,023	54,062,868	
Total assets	36,099,786	54,124,355	90,224,141	44,029
Deferred Outflows of Resources				
Related to pensions	290,726	181,474	472,200	
LIABILITIES				
Current liabilities				
Accounts payable	1,444,878		1,444,878	
Accrued salaries and benefits	199,915	107,973	307,888	
Deposits payable	1,800		1,800	
Compensated absences	83,489		83,489	
Customer deposits		110,330	110,330	
Connection payable		200,200	200,200	
Accrued interest	68,932	285,148	354,080	5,683,206
Noncurrent liabilities				
Net pension liability	1,251,591	545,045	1,796,636	
Interfund loan		499,400	499,400	
Connection payable		200,200	200,200	
Due within one year	61,442	1,384,054	1,445,496	
Due in more than one year	1,300,764	25,849,680	27,150,444	1,229,065
Total liabilities	4,412,811	29,182,030	33,594,841	6,912,271
Deferred Inflows of Resources				
Related to pensions	42,086	16,579	58,665	
NET POSITION (DEFICIT)				
Net investment in capital assets	20,065,215	17,593,151	37,658,366	
Restricted				
East Hills	15,826		15,826	
Development commitments	110,780		110,780	
Debt services		1,068,523	1,068,523	2
Unrestricted	11,743,794	6,445,546	18,189,340	(6,868,244)
Total net position (deficit)	31,935,615	25,107,220	57,042,835	(6,868,242)

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho

Statement of Activities

For the Year Ended September 30, 2020

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	1,997,100	61,187			(1,935,913)		(1,935,913)	
Law enforcement	1,712,295	16,565			(1,695,730)		(1,695,730)	
Fire protection	1,127,625	25,454	173,590	4,500	(924,081)		(924,081)	
Planning and zoning	121,111	54,999			(66,112)		(66,112)	
Engineering	59,776	1,600			(58,176)		(58,176)	
Building	489,162	556,074			66,912		66,912	
Parks	493,467	4,500	7,300	45,000	(436,667)		(436,667)	
Recreation	79,868	51,427			(28,441)		(28,441)	
Pool	137,849	109,040			(28,809)		(28,809)	
Highway and streets	1,895,860	10,980	777,722	4,792,487	3,685,329		3,685,329	
Fiber optic LID	1,192,069				(1,192,069)		(1,192,069)	
Capital outlay	5,952				(5,952)		(5,952)	
Total governmental activities	9,312,134	891,826	958,612	4,841,987	(2,619,709)	0	(2,619,709)	0
Business-type activities								
Water	2,717,067	3,861,989		2,087,045		3,231,967	3,231,967	
Wastewater	2,189,969	3,657,275		2,595,813		4,063,119	4,063,119	
Sanitation	581,801	633,347				51,546	51,546	
Fiber optic	378,959	362,122		417,575		400,738	400,738	
Total business-type activities	5,867,796	8,514,733	0	5,100,433	0	7,747,370	7,747,370	
Total primary government	15,179,930	9,406,559	958,612	9,942,420	(2,619,709)	7,747,370	5,127,661	
Component unit	572,188	0	0	0				(572,188)
General revenues								
Property taxes					2,957,693		2,957,693	221,770
LID assessments					952,640		952,640	
Franchise fees					442,393		442,393	
Intergovernmental revenues					1,932,882		1,932,882	
Other revenue					160,464		160,464	
Earnings on investments					656,722	299,400	956,122	387
Loss on disposal of assets					(3,702)		(3,702)	
Total general revenues					7,099,092	299,400	7,398,492	222,157
Change in net position					4,479,383	8,046,770	12,526,153	(350,031)
Net position (deficit) - beginning					27,456,232	17,060,450	44,516,682	(6,518,211)
Net position (deficit) - ending					31,935,615	25,107,220	57,042,835	(6,868,242)

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho

Balance Sheet

Governmental Funds

September 30, 2020

	General	Street	Parks and Recreation	Non-major Funds	Total Governmental Funds
ASSETS					
Cash	3,591,760			475,433	4,067,193
Investments	6,039,005	1,311,801	(51,308)		7,299,498
Receivables					
Property taxes	112,815				112,815
Intergovernmental	260,862	217,685	1,200		479,747
Interfund	1,937,354				1,937,354
Other	271,480	29,154	45,000	1,920,114	2,265,748
Prepaid expenses	26,599				26,599
Total assets	12,239,875	1,558,640	(5,108)	2,395,547	16,188,954
LIABILITIES					
Accounts payable	1,334,098	110,780			1,444,878
Accrued salaries and benefits	121,998	9,822	8,737	20,748	161,305
Accrued interest payable				42,409	42,409
Deposits payable	1,800				1,800
Due to other funds				1,437,954	1,437,954
Total liabilities	1,457,896	120,602	8,737	1,501,111	3,088,346
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	80,915			1,728,499	1,809,414
FUND BALANCE					
Nonspendable					
Prepaid expenses	26,599				26,599
Restricted for					
East Hill	15,826				15,826
Development commitments		110,780		2,151	112,931
Committed for					
Street projects		1,327,258			1,327,258
Assigned for					
Asset replacement				335,360	335,360
Fire department	278,031				278,031
Other				184,348	184,348
Unassigned	10,380,608		(13,845)	(1,355,922)	9,010,841
Total fund balances	10,701,064	1,438,038	(13,845)	(834,063)	11,291,194
Total liabilities, deferred inflows of resources, and fund balances	12,239,875	1,558,640	(5,108)	2,395,547	16,188,954

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2020

Total fund balances - governmental funds 11,291,194

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 as assets in governmental funds.

The cost of the assets excluding the internal service fund is \$55,640,464 and the accumulated depreciation is \$34,453,964. 21,186,500

Property taxes receivable and LID assessments will be collected but are not available soon enough to pay for the current period's expenditures, and therefore are shown as unavailable in the funds. 1,809,414

Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consisted of:

Compensated absences	(83,489)	
Accrued interest	(26,523)	
Notes payable	(1,335,958)	
Premium on note payable	<u>(26,248)</u>	
		(1,472,218)

The net pension liability and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position: Net pension liability is \$1,251,591, deferred inflows of resources related to pensions is \$42,086 and deferred outflows of resources related to pensions is \$290,726. (1,002,951)

Internal service funds are used by management to charge the costs of information technology to individual funds. The governmental portion of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 123,676

Total net position - governmental activities 31,935,615

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended September 30, 2020

	General	Street	Parks and Recreation	Non-Major Funds	Total Governmental Funds
REVENUES					
Property taxes	2,949,113				2,949,113
Franchise fees	161,169	281,224			442,393
Licenses and permits	103,206			556,074	659,280
LID assessments				407,591	407,591
Intergovernmental revenue	1,932,882	777,722			2,710,604
Penalty and charges	450				450
Planning	56,099	50			56,149
Recreation fees			160,467		160,467
Earnings on investments	559,429	25,684		71,609	656,722
Grants and donations	178,090	4,792,487	45,000		5,015,577
Miscellaneous revenue	148,416	12,097	18,647	4,084	183,244
Total revenues	6,088,854	5,889,264	224,114	1,039,358	13,241,590
EXPENDITURES					
General government	1,858,082				1,858,082
Law enforcement	1,712,295				1,712,295
Fire protection	995,174				995,174
Planning and zoning	121,111				121,111
Engineering	59,776				59,776
Building				481,479	481,479
Parks			704,508		704,508
Recreation			79,868		79,868
Pool			137,849		137,849
Highway and streets		5,779,542			5,779,542
Fiber optic LID				1,183,603	1,183,603
Capital outlay	42,347				42,347
Total expenditures	4,788,785	5,779,542	922,225	1,665,082	13,155,634
Revenues over (under) expenditures	1,300,069	109,722	(698,111)	(625,724)	85,956
OTHER FINANCING SOURCES (USES)					
Issuance of notes				783,196	783,196
Operating transfers	(576,284)		576,284		0
Total other financing sources (uses)	(576,284)		938,247	783,196	783,196
Net change in fund balance	723,785	109,722	(121,827)	157,472	869,152
Fund balance (deficit) at October 1, 2019	9,977,279	1,328,316	107,982	(991,535)	10,422,042
Fund balance (deficit) at September 30, 2020	10,701,064	1,438,038	(13,845)	(834,063)	11,291,194

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho

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

September 30, 2020

Total net change in fund balances - governmental funds 869,152

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 4,057,812

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. 553,629

In the Statement of Activities, certain operating expenses - compensated absences (paid time off) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year paid time off earned exceeded paid time off used by this amount. 14,603

The net effect of various miscellaneous transaction involving capital assets (i.e., sales and donations) is to decrease net assets. (3,702)

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 is (\$657,490). The change in deferred outflows of resources related to pensions is \$181,989. The change in deferred inflows of resources related to pensions is \$230,571. (244,930)

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. (791,662)

Internal service funds are used by management to charge the costs of information technology to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities. 24,481

Total change in net position - governmental activities 4,479,383

The accompanying notes are an integral part of this statement.

City of Ammon

Combining Statements of Net Position

	Business-Type Activities					Governmental
						Activities
	Water Funds	Sewer Funds	Sanitation Funds	Nonmajor (Fiber Optic)	Total	Internal Service Funds
Assets						
Current assets						
Investments	\$ 4,092,195	\$ 9,650,341	\$ 2,720,441	\$ 17,695	\$ 16,480,672	\$ 177,098
Accounts Receivable	660,184	552,712	42,972	449,804	1,705,672	-
Inventory	-	-	-	146,980	146,980	-
Total current assets	4,752,379	10,203,053	2,763,413	614,479	18,333,324	177,098
Capital assets						
Nondepreciable assets	1,248,952	196,395	-	339,370	1,784,717	-
Depreciable assets	22,989,977	8,918,810	617,055	1,286,181	33,812,023	179,479
Total capital assets	24,238,929	9,115,205	617,055	1,625,551	35,596,740	179,479
Total assets	28,991,308	19,318,258	3,380,468	2,240,030	53,930,064	356,577
Deferred outflow of resources						
Related to pensions	64,350	43,806	46,264	27,054	181,474	-
Liabilities and net position						
Current						
Accrued salaries and benefits	40,291	16,837	20,123	30,722	107,973	38,610
Accrued interest payable	25,046	260,102	-	-	285,148	-
Connection payable	-	400,400	-	-	400,400	-
Deposits payable	105,860	1,110	3,360	-	110,330	-
Notes payable - current	778,378	605,676	-	-	1,384,054	-
Total current	949,575	1,284,125	23,483	30,722	2,287,905	38,610
Noncurrent						
Pension liability	196,462	118,474	132,257	97,852	545,045	-
Interfund payable	-	-	-	499,400	499,400	-
Long-term debt	8,110,006	17,739,674	-	-	25,849,680	-
Total noncurrent	8,306,468	17,858,148	132,257	597,252	26,894,125	-
Total liabilities	\$ 9,256,043	\$ 19,142,273	\$ 155,740	\$ 627,974	\$ 29,182,030	\$ 38,610
Deferred inflow of resources						
Related to pensions	6,225	2,165	1,995	6,194	16,579	-
Net position						
Net investment in capital assets	15,350,545	-	617,055	1,625,551	17,593,151	179,479
Restricted	-	1,068,523	-	-	1,068,523	-
Unrestricted	4,442,845	(850,897)	2,651,942	7,365	6,251,255	138,488
Total net position	19,793,390	217,626	3,268,997	1,632,916	\$ 24,912,929	317,967
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					194,291	
Net position of business-type activities					\$ 25,107,220	

The accompanying notes are integral to this financial statement

City of Ammon

Combining Statements of Revenues, Expenses and Changes In Net Position

	Business-Type Activities				Governmental Activities	
	Water Funds	Sewer Funds	Sanitation Funds	Nonmajor (Fiber Optic)	Total	Internal Service Funds
Operating revenues						
Charges for Services	\$ 3,356,165	\$ 3,364,724	\$ 633,347	\$ 353,468	\$ 7,707,704	\$ 574,014
Connection Fees	466,337	261,300	-	-	727,637	-
Penalty Fees	37,373	-	-	154	37,527	-
Miscellaneous Revenues	2,114	31,251	-	8,500	41,865	2,455
Total operating revenues	3,861,989	3,657,275	633,347	362,122	8,514,733	576,469
Operating expenses						
Power	294,319	13,653	-	-	307,972	-
Treatment	-	892,648	-	-	892,648	-
Operations and Maintenance	978,172	294,582	258,542	94,999	1,626,295	192,216
Salaries and Benefits	464,706	234,928	214,621	206,059	1,120,314	311,959
Depreciation	757,205	342,169	110,438	77,901	1,287,713	38,357
Total operating expenses	2,494,402	1,777,980	583,601	378,959	5,234,942	542,532
Income (loss) from Operations	1,367,587	1,879,295	49,746	(16,837)	3,279,791	33,937
Non-operating revenues (expenses)						
Grants and Awards	173,085	-	-	417,575	590,660	-
Investment Earnings	77,206	164,731	51,044	6,419	299,400	7,868
Interest Expense	(232,858)	(417,320)	-	-	(650,178)	-
Total non-operating revenues (expenses)	17,433	(252,589)	51,044	423,994	239,882	7,868
Capital contributions	1,913,960	2,595,813	-	-	4,509,773	-
Increase in net position	3,298,980	4,222,519	100,790	407,157	8,029,446	41,805
Net position, beginning of year	16,494,410	(4,004,893)	3,168,207	1,225,759	16,883,483	276,162
Net position, end of year	19,793,390	217,626	3,268,997	1,632,916	\$ 24,912,929	317,967
Change in net position - enterprise funds					8,029,446	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					17,324	
Change in net position of business-type activities					\$ 8,046,770	

The accompanying notes are integral to this financial statement

City of Ammon, Idaho

Statements of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2020

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Wastewater	Sanitation	Nonmajor (Fiber Optic)	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	3,857,234	3,472,316	635,821	379,009	8,344,380	576,469
Cash payments to suppliers for goods and services	(1,272,491)	(1,200,883)	(258,542)	(121,205)	(2,853,121)	(192,216)
Cash payments to employees for services provided	(432,418)	(247,533)	(222,890)	(111,751)	(1,014,592)	(299,380)
Net cash flows provided (used) by operating activities	2,152,325	2,023,900	154,389	146,053	4,476,667	84,873
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of property, plant, and equipment	(2,226,830)	(230,704)	(356,419)	(504,166)	(3,318,119)	(47,131)
Interest paid on long-term debt	(268,211)	(376,667)		20	(644,858)	
Payments on long-term debt	(706,248)	(691,856)		(600)	(1,398,704)	
Net cash flows provided (used) by capital and related financing activities	(3,201,289)	(1,299,227)	(356,419)	(504,746)	(5,361,681)	(47,131)
CASH FLOWS FROM INVESTING ACTIVITIES						
Sale (purchase) of investments	971,758	(889,404)	150,986	352,274	585,614	(45,610)
Interest income	77,206	164,731	51,044	6,419	299,400	7,868
Net cash flows provided (used) by investing activities	1,048,964	(724,673)	202,030	358,693	885,014	(37,742)
Net increase (decrease) in cash and cash equivalents	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0

The accompanying notes are an integral part of this statement.

City of Ammon, Idaho

Statements of Cash Flows

Proprietary Funds

For the Year Ended September 30, 2020

	Business-type Activities Enterprise Funds				Total	Governmental Activities
	Water	Wastewater	Sanitation	Nonmajor (Fiber Optic)		Internal Service Funds
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Income (loss) from operations	1,367,587	1,879,295	49,746	(16,837)	3,279,791	33,937
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Grants reported as non-operating revenue	173,085			417,575	590,660	
Depreciation	757,205	342,169	110,438	77,901	1,287,713	38,357
Decrease (increase) in accounts receivable	(190,037)	15,631	2,354	(400,688)	(572,740)	
Decrease (increase) in inventory				(26,206)	(26,206)	
Increase (decrease) in accrued liabilities	11,081	574	2,488	18,611	32,754	12,579
Increase (decrease) in connection payable		(200,200)			(200,200)	
Increase (decrease) in customer deposits	12,185	(390)	120		11,915	
Change due to GASB 68	21,219	(13,179)	(10,757)	75,697	72,980	
Net cash flows provided (used) by operating activities	2,152,325	2,023,900	154,389	146,053	4,476,667	84,873

NONCASH TRANSACTIONS:

During 2020, the City approved annexation of several subdivisions. All assets related to the water, wastewater, storm, and streets were donated by the owners of these subdivisions to the City as part of this annexation agreement. The value of these donations for the water and wastewater funds totalled \$1,913,960 and \$2,595,813, respectively. These items increased their depreciable assets and will be depreciated over sixty years.

During 2020, the City refinanced the water bond in the amount of \$8,888,384, which paid off the remaining amount on the previous bond of \$8,802,634 and associated outstanding interest balance.

The accompanying notes are an integral part of this statement.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

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

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

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

There are 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.

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

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

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.

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

The City has one nonmajor proprietary fund.

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

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Measurement Focus and Basis of Accounting

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

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

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

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

Budgetary Control

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

Encumbrances represent commitments related to unperformed contracts for goods or services. The City did not have any encumbrances at September 30, 2020.

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, 2020. 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, 2020. 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, 2020 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

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 (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. The City received donations of streets, water, wastewater, and storm piping related to the annexation of 9 subdivisions for the year ended September 30, 2020.

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.

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 expensed when earned. The entire amount of compensated absences is reported as a liability.

Long-Term Obligations

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

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations (Continued)

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 and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

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

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

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Subsequent Events

The City has evaluated subsequent events through March 18, 2021, which is the date the financial statements were available to be issued. Effective October 1, 2020, the City turned over the operations of the Fire Department to the Bonneville County Fire Protection District #1. All associated revenues and expenditures will be taken over by that entity. There were no other subsequent-type 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, 2020 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2020, \$1,534,328, 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 \$23,957,270 and the fair value was \$23,957,270. The amount not covered by insurance was \$11,521,341.

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 \$113,326 invested in the DBF at September 30, 2020.

City of Ammon

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

The investments held by the DBF are carried at fair value (determined by the Idaho State Treasurer's office). These investments are subject to risk from market and rate fluctuations. The weighted average duration was 2.88 years at September 30, 2020.

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 1.79 years. As of September 30, 2020, the City had the following investments held with Moreton Asset Management showing the distribution by maturity and rating:

Investment Type	Remaining Maturity (in Years)			Total Fair Value	Rating
	12 Months or Less	1-5 Years	5-10 Years		
State DBF Fund	\$ -	113,326		\$ 113,326	AAA
Corporate Bonds	\$ 3,482,852	7,420,721		10,903,573	AA-/A+/A/A-/BBB+
Agency Bonds	\$ 504,443			504,443	AAA
Certificates of Deposit	1,340,029	11,095,899		12,435,928	NA/NR/A-1+/A-2/A-3/D
Total Investments	5,327,324	18,629,946	-	23,957,270	
Plus cash				4,067,191	
Total cash and investments				\$ 28,024,461	

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

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

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

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, 2020, were as follows:

Governmental Activities:	Balance 09/30/19	Increases	Decreases and Transfers	Balance 09/30/20
Capital assets, not being depreciated:				
Land	918,686	-	-	918,686
Construction in progress	727,699	196,446	(727,699)	196,446
Total capital assets, not being depreciated	\$ 1,646,385	\$ 196,446	\$ (727,699)	\$ 1,115,132
Capital assets, being depreciated:				
Buildings and improvements	2,869,087	300,720	(24,108)	3,145,699
Infrastructure	41,964,681	4,822,812	727,699	47,515,192
Machinery and equipment	4,140,538	228,737	(66,683)	4,302,592
Total capital assets, being depreciated	48,974,306	5,352,269	636,908	54,963,483
Accumulated depreciation:				
Buildings and improvements	(1,321,125)	(116,042)	24,108	(1,413,059)
Infrastructure	(29,449,314)	(1,058,393)	-	(30,507,707)
Machinery and equipment	(2,547,159)	(307,995)	63,282	(2,791,872)
Total accumulated depreciation	(33,317,598)	(1,482,430)	87,390	(34,712,638)
Total capital assets, being depreciated, net	\$ 15,656,708	\$ 3,869,839	\$ 724,298	\$ 20,250,845
Governmental activities capital assets, net	17,303,093	4,066,285	(3,401)	21,365,977

Business-type Activities:	Balance 09/30/19	Increases	Decreases and Transfers	Balance 09/30/20
Capital assets, not being depreciated:				
Land and water rights	414,826	148,588	-	563,414
Construction in progress	125,572	1,095,731	-	1,221,303
Total capital assets, not being depreciated	\$ 540,398	\$ 1,244,319	\$ -	\$ 1,784,717
Capital assets, being depreciated:				
Buildings and improvements	8,384,131	-	-	8,384,131
Infrastructure	27,508,958	6,031,956	-	33,540,914
Machinery and equipment	5,701,521	551,624	(244,380)	6,008,765
Total capital assets, being depreciated	41,594,610	6,583,580	(244,380)	47,933,810
Accumulated depreciation:				
Buildings and improvements	(2,627,381)	(247,877)	-	(2,875,258)
Infrastructure	(7,203,308)	(654,904)	-	(7,858,212)
Machinery and equipment	(3,247,765)	(384,932)	244,380	(3,388,317)
Total accumulated depreciation	(13,078,454)	(1,287,713)	244,380	(14,121,787)
Total capital assets, being depreciated, net	\$ 28,516,156	\$ 5,295,867	\$ -	\$ 33,812,023
Business-type activities capital assets, net	29,056,554	6,540,186	-	35,596,740

City of Ammon

Notes to Financial Statements

Note 3: Capital Assets (Continued)

Depreciation expense was charged to the governmental functions as follows:

Governmental activities:	
General government	32,937
Fire protection	129,641
Building	7,109
Parks and recreation	85,281
Highway and streets	1,189,105
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	38,357
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Total depreciation expense, governmental activities	1,482,430
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Business-Type activities:	
Water	757,205
Wastewater	342,169
Sanitation	110,438
Fiber Optic	77,901
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Total depreciation expense, business-type activities	1,287,713
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Note 4: Lease Agreements

The City has a lease agreement with Cat Financial to lease a Caterpillar 305E2CR for 5 years beginning June 20, 2016, through June 20, 2020. The lease calls for annual payments of \$7,701 with a \$40,000 payment on June 20, 2021, if the City elects to retain the equipment when the lease ends on May 31, 2021. The lease is subject to non-appropriation.

The City has a lease agreement with Cat Financial to lease a Caterpillar 924K for 5 years beginning June 20, 2016, through June 20, 2020. The lease calls for annual payments of \$13,398 with a \$75,000 payment on June 20, 2021, if the City elects to retain the equipment when the lease ends on May 31, 2021. The lease is subject to non-appropriation.

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020, it was 7.16% and 8.81% 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 \$336,700 for the year ended September 30, 2020.

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

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

At September 30, 2020, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability 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, 2020, the City's proportion was .077370 percent.

For the year ended September 30, 2020, the City recognized pension expense of \$750,124. At September 30, 2020, 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	\$ 140,372	\$ -
Changes in assumptions or other inputs	30,384	-
Net difference between projected and actual earnings on pension plan investments	205,929	58,664
City contributions subsequent to the measurement date	95,515	-
Total	\$ 472,200	\$ 58,664

\$95,515 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018, the beginning of the measurement period ended June 30, 2019, is 4.8 years and 4.8 years for the measurement period June 30, 2020.

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

<i>Year Ended September 30,</i>	
2021	\$ 5,802
2022	75,681
2023	102,718
2024	\$ 133,820

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013, through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2020, is based on the results of an actuarial valuation date of July 1, 2020.

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

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

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2020.

<i>Asset Class</i>	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	2.80 %	0.55 %
Broad US Equities	55.00 %	8.55 %	6.30 %
Developed Foreign Equities	15.00 %	8.70 %	6.45 %
Assumed Inflation - Mean		2.25 %	2.25 %
Assumed Inflation - Standard Deviation		1.50 %	1.50 %
Portfolio Arithmetic Mean Return		6.85 %	4.60 %
Portfolio Standard Deviation		12.33 %	12.33 %
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25 %	3.89 %
Assumed Investment Expenses		0.40 %	0.40 %
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85 %	3.49 %

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. 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. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	1% Decrease (7.05%)	1% Decrease (8.05%)
Employer's proportionate share of the net pension liability (asset) \$	3,684,408	1,796,636	235,756

City of Ammon

Notes to Financial Statements

Note 5: Pension Plan (Continued)

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, 2020, 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 6: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on September 30, 2020, are as follows:

Fund	Receivable	Payable
General Fund	1,937,354	-
LID #1 Fund	-	613,732
LID #4 Fund	-	824,222
Fiber optic fund	-	499,400
Total	1,937,354	1,937,354

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 have been set for the repayments of LID #4 and the fiber optic fund as of the date of these financials.

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 second payment was made during the 2020 fiscal year.

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, 2020, were as follows:

Fund	Transfer In	Transfer Out
Major fund -		
General fund	-	576,284
Parks and recreation	576,284	-
Total	576,284	576,284

The General fund transferred \$531,284 to the Parks fund to assist cash flows within the City, and an additional \$45,000 to the Parks fund as matching funds for a project grant received this year.

City of Ammon

Notes to Financial Statements

Note 7: Long-Term Obligations

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 following is a summary of the changes in long-term obligations for the year ended September 30, 2020 for the governmental activities:

	Balance at October 1, 2019	Additions	Payments	Balance at September 30, 2020	Due Within One Year
Compensated absences	\$ 98,092	\$ -	\$ (14,603)	\$ 83,489	\$ 83,489
Fiber Bond #2	570,000	-	(17,238)	552,762	18,100
Premium on Fiber Bond	27,067	-	(818)	26,249	860
Fiber Bond #3	-	783,196	-	783,196	42,481
Total	\$ 695,159	\$ 783,196	\$ (32,659)	\$ 1,445,696	\$ 144,930

Governmental Funds:

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

In June 2020, the City entered into a bond agreement with Washington Federal Bank to finance 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 following is a schedule of principal and interest payments on long-term debt to maturity:

Year Ended September 30,	Principal	Interest	Total	Premium
2021	60,582	50,194	\$ 110,776	\$ 860
2022	62,710	48,066	110,776	902
2023	64,919	45,857	110,776	948
2024	67,212	43,564	110,776	995
2025	69,592	41,184	110,776	1,045
2026-2030	386,968	166,911	553,879	6,061
2031-2035	461,790	92,089	553,879	7,736
2036-2039	162,185	20,768	182,953	7,702
Total	1,335,958	508,633	\$ 1,844,591	\$ 26,249

Business-Type Enterprise Funds:

The City entered into a \$15,000,000 loan with the Department of Environmental Quality (DEQ) for improvements to the water system on March 8, 2008. This loan was closed for \$14,287,000 on January 5, 2012, and the City began repaying the loan. The loan is secured by a revenue bond in the amount of \$14,287,000. Within five years of project completion, the City is required to establish a reserve account in an amount equal to 1 year's payment of principal and interest and the City has established this reserve as of the year ended September 30, 2014, for \$955,302. The loan requires biannual payments of principal and interest at 3.00% to be amortized over 20 years from the completion of the project. The required payments are \$477,651 due bi-annually in January and July.

City of Ammon

Notes to Financial Statements

Note 7: Long-Term Obligations (Continued)

On July 8, 2020, this bond was paid off by a refunding bond in the amount of \$8,888,384 through LPMorgan 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
2021	\$ 1,384,054	\$ 547,971	\$ 1,932,025
2022	1,440,815	491,210	1,932,025
2023	1,465,363	466,662	1,932,025
2024	1,489,380	442,645	1,932,025
2025	1,515,818	416,207	1,932,025
2026-2030	7,977,331	1,682,795	9,660,126
2031-2035	5,161,826	1,044,287	6,206,113
2036-2040	4,815,876	526,734	5,342,610
2041-2042	1,983,271	54,462	2,037,733
Total	\$ 27,233,734	\$ 5,672,973	\$ 32,906,707

Following is a summary of the changes in long-term debt for the year ended September 30, 2020 for the enterprise funds:

Governmental activities:	Beginning Balance			Ending Balance		Due Within One Year
	October 1, 2019	Increase	Decrease	September 30, 2020		
Revenue Bond - Water	\$ 9,508,881	\$ -	\$ (9,508,881)	\$ -	\$ -	
Refunding Bond - Water	-	8,888,384	-	8,888,384	778,378	
Revenue Bond - Sewer	19,037,206	-	(691,856)	18,345,350	605,676	
Total	\$ 28,546,087	\$ 8,888,384	\$(10,200,737)	\$ 27,233,734	\$ 1,384,054	

The City has pledged future water customer revenues, net of specified operating expenses, to repay the \$8,888,384 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 \$18,345,350 wastewater revenue bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

City of Ammon

Notes to Financial Statements

Note 8: Deficit Fund Balance

The Fiber Optic Local Improvement District #1 is in a deficit of \$522,119 at September 30, 2020. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic Local Improvement District #4 is in a deficit of \$833,803 at September 30, 2020. This amount is expected to be repaid through the collections in the LID over time. The Parks Department is in a deficit of \$13,845 at September 30, 2020. This amount is expected to be repaid through transfers and fees over time.

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 net position at September 30, 2020 is broken out as follows:

Governmental Funds	General	Street	Parks and recreation	Non-Major Governmental	Total
Nonspendable					
Prepaid expenses	\$ 26,599	\$ -	\$ -	\$ -	26,599
Restricted for:					
East Hills	15,826	-	-	-	15,826
Development commitments	-	110,780	-	2,151	112,931
Committed for:					
Street projects	-	1,327,258	-	-	1,327,258
Assigned For					
Asset replacement	-	-	-	335,360	335,360
Fire department	278,031	-	-	-	278,031
Other	-	-	-	184,348	184,348
Unassigned	10,380,608	-	(13,845)	(1,355,922)	9,010,841
Total	\$ 10,701,064	\$ 1,438,038	\$ (13,845)	\$ (834,063)	\$ 11,291,194

Business-type Funds	Water	Wastewater	Sanitation	Fiber	Internal service Fund	Total
Net investment in capital assets	\$15,350,545	\$ -	\$ 617,055	\$ 1,625,551	\$ 179,479	\$ 17,772,630
Restricted for:						
Bond Reserve	-	1,068,523	-	-	-	1,068,523
Committed for:						
Assigned For						
Bond reserve	863,504	-	-	-	-	863,504
Unassigned	3,579,341	(850,897)	2,651,942	7,365	138,488	5,526,239
Total	\$19,793,390	\$ 217,626	\$ 3,268,997	\$ 1,632,916	\$ 317,967	\$ 25,230,896

City of Ammon

Notes to Financial Statements

As of September 30, 2020, the City had restricted street funds for the following projects:

<i>Projects:</i>	2020
Snowcrest Development	\$ 63,073
Hawk's Landing	47,707
Developer Deposits	2,151
Total	\$ 112,931

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 are 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.

City of Ammon

Notes to Financial Statements

Note 10: Jointly Governed Organization (Continued)

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 \$858,774 for flow charges and \$771,528 for the capacity replacement fees the City collected for EIRWWA during the 2019-2020 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

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, 2020, the carrying amount and bank balance of the Agency's deposits was \$26,730. 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 \$2,670,000 of these bonds since original issue bringing the principal remaining balance to \$265,000.

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, 2020, 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, 2020, 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, 2020, was approximately \$5,683,206.

City of Ammon

Notes to Financial Statements

Note 11: Ammon Urban Renewal Agency (Continued)

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

	Series 1999A Bonds	Notes Payable
Balance at October 1, 2019	545,000	964,065
Principal payment	280,000	
Balance at September 30, 2020	265,000	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, 2021. 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 plus 45 days' interest. The letter-of-credit fees incurred for the year ended September 30, 2020, was \$11,491.

Economic Dependency. The Agency receives approximately 82% 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.

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, 2020

	General		Variance Favorable (Unfavorable)
	Original & Final Budget	Actual	
REVENUES			
Property taxes	2,881,006	2,949,113	68,107
Franchise fees	180,000	161,169	(18,831)
Licenses and permits	68,200	103,206	35,006
Intergovernmental revenue	1,781,469	1,932,882	151,413
Penalty and charges		450	450
Planning	40,096	56,099	16,003
Earnings on investments	186,022	559,429	373,407
Grants and awards	300,000	178,090	(121,910)
Miscellaneous revenues	235,675	148,416	(87,259)
Total revenues	5,672,468	6,088,854	416,386
EXPENDITURES			
General government	1,388,479	1,858,082	(469,603)
Law enforcement	1,744,357	1,712,295	32,062
Fire protection	1,228,394	995,174	233,220
Planning and zoning	127,364	121,111	6,253
Engineering	103,210	59,776	43,434
Capital outlay	254,500	42,347	212,153
Total expenditures	4,846,304	4,788,785	57,519
Revenues over (under) expenditures	826,164	1,300,069	473,905
OTHER FINANCING SOURCES (USES)			
Operating transfers	(593,287)	(576,284)	17,003
Revenues and other financing sources over (under) expenditures and other uses	<u>232,877</u>	723,785	<u>490,908</u>
Fund balance at October 1, 2019		9,977,279	
Fund balance at September 30, 2020		<u>10,701,064</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, 2020

	Street		
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Franchise fees	275,000	281,224	6,224
Intergovernmental revenue	731,580	777,722	46,142
Planning		50	50
Earnings on investments	49,269	25,684	(23,585)
Grants and donations		238,271	(458,729)
Miscellaneous revenue	61,200	4,566,313	4,505,113
Total revenues	1,117,049	5,889,264	4,075,215
EXPENDITURES			
Highway and streets	1,302,623	5,779,542	(3,779,919)
Total expenditures	1,302,623	5,779,542	(3,779,919)
Revenues over (under) expenditures	(185,574)	109,722	295,296
Revenues and other financing sources over (under) expenditures and other uses	(185,574)	109,722	295,296
Fund balance at October 1, 2019		1,328,316	
Fund balance at September 30, 2020		1,438,038	

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, 2020

	Parks and Recreation		
	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Recreation fees	216,204	160,467	(55,737)
Grants and donations	426,650	45,000	(381,650)
Miscellaneous revenue	9,000	18,647	9,647
Total revenues	651,854	224,114	(427,740)
EXPENDITURES			
Parks	1,018,079	704,508	313,571
Recreation	62,702	79,868	(17,166)
Pool	171,360	137,849	33,511
Total expenditures	1,252,141	922,225	329,916
Revenues over (under) expenditures	(600,287)	(698,111)	(97,824)
OTHER FINANCING SOURCES (USES)			
Operating transfers	593,287	576,284	(17,003)
Revenues and other financing sources over (under) expenditures and other uses	(7,000)	(121,827)	(114,827)
Fund balance at October 1, 2019		107,982	
Fund balance at September 30, 2020		(13,845)	

See Independent Auditor's Report

City of Ammon, Idaho
Required Supplementary Information
Fiscal Year Ended September 30, 2020

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

	2020	2019	2018	2017	2016	2015
Employer's portion of net pension liability	0.07737%	0.07711%	0.07112%	0.06602%	0.06434%	0.06471%
Employers proportionate share of the net pension liability	1,796,636	880,145	1,049,062	1,037,718	1,304,338	852,082
Employer's covered payroll	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 as a percentage of its covered payroll	64.97%	33.61%	44.27%	50.61%	69.31%	47.01%
Plan fiduciary net position as a percentage of the total pension liability	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, 2020

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

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	338,594	308,277	268,812	240,568	215,743	206,496
Contributions in relation to the statutorily required contribution	338,594	308,277	268,812	240,568	215,743	206,496
Employer's covered payroll	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	11.99%	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, 2020

See Independent Auditor's Report

Other Information

City of Ammon, Idaho

Nonmajor Governmental Funds

Special Revenue Funds

September 30, 2020

Special Revenue Funds

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

Building Fund

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

Fiber Optic Local Improvement District #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 started during the year ended September 30, 2020, but has not been completed.

See Independent Auditor's Report

City of Ammon, Idaho

All Nonmajor Funds

Combining Balance Sheet

September 30, 2020

	Building	Fiber Optic Improvement District #1	Fiber Optic Improvement District #2	Fiber Optic Improvement District #3	Fiber Optic Improvement District #4	All Nonmajor Funds
ASSETS						
Cash	276,350	56,024	11,842	125,205	6,012	475,433
Other receivables	74,479	590,518	512,899	742,218		1,920,114
Total assets	350,829	646,542	524,741	867,423	6,012	2,395,547
LIABILITIES						
Accrued salaries and benefits	11,167		1		9,581	20,749
Accrued interest payable		7,723	19,129	7,393	6,012	40,257
Other payables	2,151					2,151
Due to other funds		613,732			824,222	1,437,954
Total liabilities	13,318	621,455	19,130	7,393	839,815	1,501,111
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues		547,206	483,769	697,524		1,728,499
FUND BALANCES						
Restricted	2,151					2,151
Assigned	335,360		21,842	162,506		519,708
Unassigned		(522,119)			(833,803)	(1,355,922)
Total fund balances	337,511	(522,119)	21,842	162,506	(833,803)	(834,063)
Total liabilities and fund balances	350,829	646,542	524,741	867,423	6,012	2,395,547

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, 2020

	Building	Fiber Optic Improvement District #1	Fiber Optic Improvement District #2	Fiber Optic Improvement District #3	Fiber Optic Improvement District #4	All Nonmajor Funds
REVENUES						
Licenses and permits	556,074					556,074
LID Assessments		69,031	84,018	254,542		407,591
Recreation fees						
Earnings on investments	3,324	19,519	25,108	23,658		71,609
Miscellaneous revenue	4,084					4,084
Total revenues	563,482	88,550	109,126	278,200	0	1,039,358
EXPENDITURES						
Building	481,479					481,479
Fiber Optic LID		18,660	46,959	284,181	833,803	1,183,603
Total expenditures	481,479	18,660	46,959	284,181	833,803	1,665,082
Revenues over (under) expenditures	82,003	69,890	62,167	(5,981)	(833,803)	(625,724)
OTHER FINANCING SOURCES (USES)						
Issuance of notes			0	783,196	0	783,196
Total financing sources (uses)	0	0	0	783,196	0	783,196
Revenues and other financing sources over (under) expenditures	82,003	69,890	62,167	777,215	(833,803)	157,472
Fund balance (deficit) at October 1, 2019	255,508	(592,009)	(40,325)	(614,709)		(991,535)
Fund balance (deficit) at September 30, 2020	337,511	(522,119)	21,842	162,506	(833,803)	(834,063)

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, 2020, 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 18, 2021.

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 a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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*.

City's Response to Finding

City of Ammon's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Ammon's response and, accordingly, we express no opinion on the response.

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 18, 2021
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 each of its major federal programs for the year ended September 30, 2020. City of Ammon's major federal programs are 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 and state statutes, regulations, and the terms and conditions of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Ammon's major federal programs 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.

Unmodified Opinion on Each 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 each of its major federal programs for the year ended September 30, 2020.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002 that we consider to be a material weakness.

City of Ammon's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and responses. City of Ammon's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Wipfli LLP

March 18, 2021
Idaho Falls, Idaho

City of Ammon

Schedule of Findings and Questioned Costs

Year Ended September 30, 2020

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 No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs

<u>CFDA 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 No

City of Ammon

Schedule of Findings and Questioned Costs (Continued)

1. **Audit Findings in Relation to Financial Statements**

2020-001 **INTERNAL CONTROLS OVER REVENUE RECOGNITION**

Criteria or Specific Requirement: Under GAAP reporting requirements, an organization should match revenues and expenditures where applicable. For federal expenditures, this may require the recording of additional accounts receivable amounts for future reimbursement requests.

Condition: The City did not appropriately report revenues and receivable balances in line with grant funds expended for the year. Some requests had been made near or after year end, or were made during the time of fieldwork, but these were not identified as cutoff AR balances.

Context: The City has received significant additional funding in the current year as a result of COVID related funding sources in addition to their grants in process. Some of these dollars came without any application process, and the deadlines for expenditures were tight. The City focused its attention of appropriately spending and tracking these dollars, and requesting reimbursement after all appropriate support had been gathered. They did not, however, identify the need to record offsetting receivables for expected reimbursements.

Effect: The City's revenues and accounts receivable balances were understated by more than \$800,000.

Cause: Focus was on the expenditure side without recognition of the GAAP requirement to match associated reimbursement expectations.

Auditor's Recommendation: We recommend that the City create a process to oversee all federal grants to monitor use and tracking. Further that this process would allow a year-end reconciliation of receipts and expenditures to ensure proper recording of receivables and revenues for any items not already recorded.

View of Responsible Officials: The City now has a spreadsheet to track grants and federal funds. The Controller is now aware of this requirement and intends to document earlier.

City of Ammon

Schedule of Findings and Questioned Costs (Continued)

2. Audit Findings and Questioned Costs in Relation to Federal Awards

2020-002 AWARENESS OF FEDERAL SPENDING

Federal Program Information:

Funding agency:	Department of Treasury
Title:	Coronavirus Relief Fund
CFDA number:	21.019
Award year and number:	2020

Criteria or Specific Requirement: An organization should have procedures in place to recognize the amount of federal dollars being spent, and to prepare a Schedule of Federal Awards necessary to be compliant with Uniform Guidance requirements.

Condition: The City did not realize they had spent enough federal dollars to necessitate a single audit under Uniform Guidance requirements. This was discovered during the audit process even after discussions about grant spending and a general discussion of how much the City might have spent in the course of the year.

Context: The City has not historically received significant funding through grants and federal dollars. Due to COVID 19 as well as seeking additional grant funding for City projects, they spent over \$800,000 in federal dollars in this fiscal year.

Questioned Costs: None

Effect: The City would not have completed the required single audit, and would not have appropriately recorded the reimbursement revenue associated with the majority of their grant expenditures.

Cause: There was no mechanism in City procedures which tracked and maintained all grant information such that they could see how much has been spent across all City departments.

Repeat: No

Auditor's Recommendation: We recommend the City create a process for tracking all grants and grant expenditures to more easily identify when a single audit is necessary and be able to create an accurate Schedule of Federal Expenditures.

View of Responsible Officials: The City now has a spreadsheet to track grants and federal funds. The Controller is now aware of this requirement and intends to document earlier.

City of Ammon
Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA 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	417,575
Total Department of Commerce			417,575
Passed through Idaho State Controller’s Office:			
COVID-19 – Coronavirus Relief Fund	21.019		198,699
Total Idaho State Controller’s Office			198,699
Total CFDA 21.019			616,274
Total US Department of Treasury			616,274
United States Department of Interior			
Direct Programs:			
WaterSMART (Sustain and Manage America’s Resources)	15.507		173,085
Total Direct Programs			173,085
Passed through Idaho State Department of Parks and Recreation:			
Outdoor Recreation, Acquisition, Development and Planning	15.916	16-00591	45,000
Total Idaho State Department of Parks and Recreation			45,000
Total US Department of Interior			218,085
Total Expenditures of Federal Awards			834,359

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, 2020

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, 2020. 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 assets 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
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2020

NONE