

# City of Ammon

Ammon, Idaho

Annual Financial Report

Year Ended September 30, 2022



# City of Ammon

Year Ended September 30, 2022

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## **Independent Auditor's Report**

Honorable Mayor and City Council  
City of Ammon  
Ammon, Idaho

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ammon (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ammon as of September 30, 2022, and respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ammon Urban Renewal Agency, the discretely presented component unit, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ammon Urban Renewal Agency, is based solely on the report of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Ammon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Ammon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Ammon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Ammon's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ammon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Wipfli LLP

Idaho Falls, Idaho  
February 10, 2023

## **Management's Discussion and Analysis**

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# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

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This discussion and analysis of the City of Ammon, Idaho's (the "City"'s), financial performance provides an overall review of the City's financial activities for the fiscal year ended September 30, 2022. The intent of the discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

### FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$65,056,351 (net position). Of this amount, \$9,109,011 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$3,346,304 in comparison with the prior year mainly due to payoff of debt and receipt of several grant funds during the year related to ARPA funds that facilitated infrastructure and development within the City.
- At the close of fiscal year 2022, the City's governmental funds reported combined ending fund balances of \$13,763,201, an increase by \$1,059,917 in comparison to the prior year.
- At the end of fiscal year 2022, the unassigned fund balance in the General Fund was \$12,484,426.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

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



# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

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

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

### Fund Financial Statements

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

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

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

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

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

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

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

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

### Notes to the Financial Statements

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

### **Government-Wide Financial Analysis**

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

As previously addressed, net position may serve the purpose over time as a useful indicator of a government's financial position. To that end, the City of Ammon's assets exceeded its liabilities by \$65,056,351 for FY2022.

The following table provides a summary of the City's net position for 2022 compared to 2021:

	2022	2021
Current and other assets	\$ 33,211,543	\$ 36,630,722
Capital assets	63,249,717	59,480,420
<b>Total assets</b>	<b>96,461,260</b>	<b>96,111,142</b>
Deferred outflows of resources	1,523,091	882,948
<b>Total assets and deferred outflows of resources</b>	<b>97,984,351</b>	<b>96,994,090</b>
Current and other liabilities	3,821,073	5,291,147
Long-term liabilities	29,094,275	28,032,341
<b>Total liabilities</b>	<b>32,915,348</b>	<b>33,323,488</b>
Deferred inflows of resources	12,652	1,960,555
<b>Total liabilities and deferred inflows of resources</b>	<b>32,928,000</b>	<b>35,284,043</b>
<b>Net position</b>		
Net investment in capital assets	53,986,928	40,190,511
Restricted	1,960,412	1,202,893
Unrestricted	9,109,011	20,316,643
<b>Total net position</b>	<b>\$ 65,056,351</b>	<b>\$ 61,710,047</b>

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

The restricted portion of the City's net position, \$1,960,412, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$9,109,011, 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 for 2 of the categories for the 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 similarly for 2 of the 3 business-type activities.

The net position of the City, as a whole, increased \$3,346,304 from \$61,710,047 at September 30, 2021, to \$65,056,351 at September 30, 2022. Governmental activities increased \$262,394 over the prior year while business-type activities increased \$3,083,910 over the same period.

**Governmental Activities.** Governmental activities increased the City's net position by \$262,394. Key elements of this increase are as follows:

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

The following table shows the changes in net position for fiscal years 2022 and 2021:

	2021	2022	2021	2022
	<b>Governmental</b>	<b>Governmental</b>	<b>Business-Type</b>	<b>Business-Type</b>
	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>	<b>Activities</b>
Revenues:				
Program revenues:				
Charges for services	\$ 2,362,628	\$ 1,982,076	\$ 8,990,868	\$ 10,260,032
Operating grants and contributions	1,434,447	87,654	-	-
Capital grants and contributions	-	-	423,687	3,561,842
General revenues:				
Property taxes	3,166,191	2,332,808	-	-
Intergovernmental revenues	2,609,243	3,990,708	-	-
Unrestricted investment earnings (loss)	-	(236,519)	-	(433,949)
Miscellaneous	631,605	560,976	196,966	-
Transfers	(26,250)	-	26,250	-
<b>Total revenues</b>	<b>10,177,864</b>	<b>8,717,703</b>	<b>\$ 9,637,771</b>	<b>\$ 13,387,925</b>

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

	2021	2022	2021	2022
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
<b>Expenses:</b>				
General government	1,339,266	1,603,712	-	-
Law enforcement	1,740,839	1,889,452	-	-
Fire protection	1,224,584	129,969	-	-
Planning and zoning	137,506	183,065	-	-
Engineering	131,495	137,695	-	-
Building	487,522	586,571	-	-
Parks	483,621	504,001	-	-
Recreation	165,188	254,492	-	-
Pool	177,880	222,237	-	-
Highway and streets	1,939,458	2,079,020	-	-
Fiber optic LID	1,301,375	865,095	-	-
Capital outlay	41,416	-	-	-
Water	-	-	2,531,389	2,747,548
Wastewater	-	-	2,384,663	6,106,461
Sanitation	-	-	513,787	583,777
Fiber optic	-	-	544,294	866,229
Pressurized irrigation	-	-	4,140	-
<b>Total expenses</b>	<b>9,170,150</b>	<b>8,455,309</b>	<b>5,978,273</b>	<b>10,304,015</b>
<b>Change in net position</b>	<b>\$ 1,007,714</b>	<b>\$ 262,394</b>	<b>\$ 3,659,498</b>	<b>\$ 3,083,910</b>

### Business-Type Activities

Business-type operating activities increased the City's net position by \$3,083,910. Key elements of this increase are as follows:

- Continued strength in charges for services and interest earnings (ignoring market adjustments. In addition significant infrastructure grants were received through ARPA funding, which makes up most of the difference between 2021 and 2022.
- Total expenses increased by \$4,325,742 for the year ended September 30, 2022, most due to investments in Pump Station #13 and ARPA infrastructure improvements.

### **Financial Analysis Of The Government's Funds**

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

### Governmental Funds

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

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$13,763,201, an increase of \$1,059,917 in comparison with the previous fiscal year. The general fund is the primary operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$12,484,426, which is approximately 97.4% of the total fund balance. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been obligated for a variety of restricted purposes.

The fund balance of the City's General Fund increased by \$938,745 during the current fiscal year. The key factors in this are:

- Revenues decreased by \$1,248,982 which stems from decreased property tax collections and a large decreased in federal grant awards.
- Expenditures decreased, mostly in the general government category.

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

Net position of the Water, Wastewater, Sanitation, Fiber Optic, and Pressurized Irrigation Funds at September 30, 2022, amounted to \$31,620,917. The total increase in net position for the funds including the internal services fund was \$3,083,910. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### Budgetary Highlights

The City's budget is prepared according to Idaho law and is based on accounting for certain transactions on a modified accrual basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund and major special revenue funds. The City did not amend the 2021-2022 Governmental Fund budget, but did amend the 2021-2022 budget for the Wastewater fund.

	Budgeted	Expended
General government	\$ 2,104,712	\$ 1,747,108
Enforcement	1,920,512	1,889,452
Fire	-	1,971
Building	568,127	551,110
Parks and recreation	1,208,712	930,668
Sanitation	1,619,528	583,079
Wastewater	5,573,344	5,719,087
Street	6,938,532	1,511,702
Water	4,530,278	2,650,301
Pressurized irrigation	10,000	-
Technology	684,475	626,043
Fiber optic	5,458,540	865,060
Fiber optic LIC	-	1,181,037
<b>Total expenditures</b>	<b>\$ 30,616,760</b>	<b>\$ 18,256,618</b>

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

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The General Government category includes transfers but excludes the budgetary expense category for interest transferred to the various funds based on the cash allocation of those funds as this is reflected in revenues. The budgeted amounts include capital items in the proprietary funds, which are recognized as increases to assets for presentation purposes. The expended funds are less than the budgetary funds in the Fiber Optic Department because infrastructure and other expenditures related to the Fiber Optic LIDs are budgeted to be spent in the fiber department who oversees the LIDs. The Parks Department did not expend a portion of what was budgeted to them, choosing instead to wait on certain expenditures, thus they underspent compared with their budget.

The Street department came in less than budget as part of a budget tool to save for future infrastructure, and because a \$5.3 million grant was anticipated for road expansion, but was not awarded until the next fiscal year.

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

### Capital Asset And Long-Term Debt Activity

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$63,249,717 (net of accumulated depreciation and amortization.) Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, and when applicable, construction in process. Under the new GASB 87 standard, right of use assets, such as leased equipment, have been presented separately, but is included in total capital assets.

Additional information about the City's capital assets can be found in Note 3 of the financial statements.

Major capital transactions/events during the year were:

- The City is working on its fifth Local Improvement District (LID) which will pass some 1,200 homes and add over 600 participants to the network. LID # 5 includes north Centennial subdivision, Briar Creek, north Tie Breaker, Georgia to Sunnyside, and Rawson. Over half of the City now has access to the municipal fiber system. There are 1,645 homes and businesses connected on the fiber. 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.
- The City of Ammon had several successful events, the Icy Inferno (bonfire to burn donated used Christmas trees), Freezin for a Reason (Polar plunge fund raiser for the pool), 4<sup>th</sup> of July fireworks, Movies in the Park, Ammon Days, Mayor's Community Service Awards, Pumpkin Walk, and the Winter Lightapalooza (the Winter Light Parade and McCowin Park lighting). The City of Ammon has continued to grow, and we have added staff, needing us to start a design for a City Hall addition and remodel. We are hopeful for construction in 2023. Ammon has started leasing vehicles, previously we primarily purchased vehicles. Ammon received American Rescue Plan Act of 2021 funds to assist with the water pump station # 13, fiber connectivity, and wastewater plant improvements. Ammon purchases street right of ways and water rights as they become available.

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

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- The Ammon Urban Renewal Agency paid off the original 1994 bond that launched growth along Hitt Rd. The Urban Renewal Agency 1<sup>st</sup> Street District received their first tax increment payment on the 1<sup>st</sup> Street District and secured two Owner Participation Agreements for new projects that will create jobs, investment, and increased tax base.
- This was the first year to contract parks maintenance services to a private company. We hired a new Parks and Recreation Director, Josh Embrey. Staff conducted a 100% online tree inventory for City owned/maintained trees reflecting biodiversity and overall management needs. The Ammon Little League has continued to grow and expand. We initiated the Adult Co-Ed Kickball as a new community program opportunity. Ammon Days was exciting with a hot air balloon night glow event. The hot air balloons flew away Sunday morning.
- In May 2022 residents voted to transition the Eastern Idaho Regional Wastewater Authority (EIRWWA) to the Eastern Idaho Regional Sewer District (EIRSD). Becoming a sewer district was very important to the City of Ammon because a district is eligible for grants and loans, whereas an authority is not. Ammon will now have greater representation on the board, and all who are serviced by the district will be treated the same.
- Water Meter Installation Project. Finished installation of all residential meters in the City of Ammon.
- In 2022, the City annexed approximately 250 acres of primarily residential property. One of the parcels annexed is along Lincoln Road that will enable further commercial annexations north of Lincoln Road. We adopted a new Multi-Family ordinance that more effectively regulates the location and intensity of multi-family developments. The Planning and Zoning Department processed 51 applications that included commercial site plans, annexations, preliminary and final plats, and rezones. 165 residential site plans were reviewed as part of the building permit process.
- Community Recycling. Distributed ten more community recycle bins to keep up with the cardboard recycling demand in Ammon.

### Debt Administration

At September 30, 2022, the City had \$26,259,825 in long term debt which consisted of general obligation bonds, notes payable, and financed purchases via lease agreements. Amounts due next year on these obligations are \$1,522,168. See Note 6 for details of debt.

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

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

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

# City of Ammon

## Management's Discussion and Analysis

September 30, 2022

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### COMPONENT UNITS

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

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

### Requests For Information

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



# City of Ammon

## Statement of Net Position

<i>Year Ended September 30, 2022</i>	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 15,874,399	\$ 13,076,938	\$ 28,951,337	\$ 168,372
Receivables				
Property taxes	65,500	-	65,500	-
Intergovernmental	782,767	-	782,767	-
Accounts receivable	-	1,195,355	1,195,355	-
Other	2,184,907	-	2,184,907	831,218
Internal balances	199,889	(199,889)	-	-
Prepaid expenses	31,677	-	31,677	-
Capital assets				
Nondepreciable assets	2,059,638	6,867,386	8,927,024	-
Depreciable assets, net	17,985,252	36,281,984	54,267,236	-
Right of use asset, net	2,481	52,976	55,457	-
<b>Total assets</b>	<b>39,186,510</b>	<b>57,274,750</b>	<b>96,461,260</b>	<b>999,590</b>
<b>Deferred outflow of resources</b>				
Related to pensions	992,917	530,174	1,523,091	-
<b>Liabilities</b>				
Current liabilities				
Accounts Payable	2,911,498	-	2,911,498	667
Accrued salaries and benefits	131,858	82,823	214,681	-
Deposits payable	9,986	-	9,986	-
Compensated absences	80,468	-	80,468	-
Customer deposits	-	118,980	118,980	-
Grants received in advance	23,250	38,158	61,408	-
Accrued interest	87,966	336,086	424,052	-
Noncurrent liabilities				
Pension Liability	1,902,357	932,093	2,834,450	-
Due within one year	129,428	1,392,740	1,522,168	-
Due in more than one year	1,688,404	23,049,253	24,737,657	3,956,418
<b>Total liabilities</b>	<b>\$ 6,965,215</b>	<b>\$ 25,950,133</b>	<b>\$ 32,915,348</b>	<b>\$ 3,957,085</b>
<b>Deferred inflow of resources</b>				
Related to pensions	8,489	4,163	12,652	-
<b>Net position</b>				
Net investment in capital assets	18,229,539	35,757,389	53,986,928	-
Restricted				
East Hills	16,298	-	16,298	-
Development commitments	852,341	-	852,341	-
Unspent grants	23,250	-	23,250	-
Debt services	-	1,068,523	1,068,523	2
Unrestricted	14,084,295	(4,975,284)	9,109,011	(2,957,497)
<b>Total net position</b>	<b>\$ 33,205,723</b>	<b>\$ 31,850,628</b>	<b>\$ 65,056,351</b>	<b>\$ (2,957,495)</b>

The accompanying notes are integral to this financial statement

# City of Ammon

## Statement of Activities

Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities								
General government	\$ 1,603,712	\$ 64,007	\$ 24,250	\$ -	\$ (1,515,455)	\$ -	\$ (1,515,455)	\$ -
Law enforcement	1,889,452	9,972	-	-	(1,879,480)	-	(1,879,480)	-
Fire protection	129,969	32,535	-	-	(97,434)	-	(97,434)	-
Planning & zoning	183,065	552,838	-	-	369,773	-	369,773	-
Engineering	137,695	4,000	-	-	(133,695)	-	(133,695)	-
Buildings	586,571	823,321	-	-	236,750	-	236,750	-
Parks	504,001	8,845	63,404	-	(431,752)	-	(431,752)	-
Recreation	254,492	86,197	-	-	(168,295)	-	(168,295)	-
Pool	222,237	130,220	-	-	(92,017)	-	(92,017)	-
Highway and streets	2,079,020	-	-	-	(2,079,020)	-	(2,079,020)	-
Fiber optic LID	865,095	270,141	-	-	(594,954)	-	(594,954)	-
Total governmental activities	8,455,309	1,982,076	87,654	-	(6,385,579)	-	(6,385,579)	-
Business-type activities								
Water Funds	2,747,548	4,667,610	-	1,000,000	-	2,920,062	2,920,062	-
Wastewater Funds	6,106,461	4,065,043	-	1,600,000	-	(441,418)	(441,418)	-
Sanitation	583,777	716,893	-	-	-	133,116	133,116	-
Fiber optic	866,229	802,498	-	961,842	-	898,111	898,111	-
Pressurized irrigation	-	7,988	-	-	-	7,988	7,988	-
Total business-type activities	10,304,015	10,260,032	-	3,561,842	-	3,517,859	3,517,859	-
Total primary government	18,759,324	12,242,108	87,654	3,561,842	(6,385,579)	3,517,859	(2,867,720)	-
Total component unit	105,624	-	-	-	-	-	-	(105,624)

General revenue and transfers				
Property taxes	2,332,808	-	2,332,808	247,441
Franchise fees	463,860	-	463,860	-
Intergovernmental	3,990,708	-	3,990,708	-
Other revenue	97,116	-	97,116	-
Investment earnings	(236,519)	(433,949)	(670,468)	1
<b>Total general revenue</b>	<b>6,647,973</b>	<b>(433,949)</b>	<b>6,214,024</b>	<b>247,442</b>
<b>Change in net position</b>	<b>262,394</b>	<b>3,083,910</b>	<b>3,346,304</b>	<b>141,818</b>
<b>Net position, beginning</b>	<b>32,943,329</b>	<b>28,766,718</b>	<b>61,710,047</b>	<b>(3,099,313)</b>
<b>Net position, ending</b>	<b>\$ 33,205,723</b>	<b>\$ 31,850,628</b>	<b>\$ 65,056,351</b>	<b>\$ (2,957,495)</b>

The accompanying notes are integral to this financial statement

# City of Ammon

## Balance Sheet - Governmental Funds

<i>September 30, 2022</i>	<b>General</b>	<b>Street</b>	<b>Parks and Recreation</b>	<b>Nonmajor</b>	<b>Total</b>
<b>Assets</b>					
Cash and investments	11,854,844	2,462,801	283,910	989,909	15,591,464
Receivables					
Property taxes	65,500	-	-	-	65,500
Intergovernmental	565,506	217,261	-	-	782,767
Interfund	2,427,928	-	-	-	2,427,928
Other	78,057	34,110	1,446	2,071,294	2,184,907
Prepaid Expenses	31,677	-	-	-	31,677
<b>Total assets</b>	<b>\$ 15,023,512</b>	<b>\$ 2,714,172</b>	<b>\$ 285,356</b>	<b>\$ 3,061,203</b>	<b>\$ 21,084,243</b>
<b>Liabilities</b>					
Accounts payable	2,068,843	842,655	-	-	2,911,498
Accrued salaries and benefits	58,028	8,042	8,666	27,555	102,291
Accrued interest payable	-	-	-	61,009	61,009
Deposits payable	300	-	-	9,686	9,986
Interfund payable	-	-	-	1,998,328	1,998,328
<b>Total liabilities</b>	<b>2,127,171</b>	<b>850,697</b>	<b>8,666</b>	<b>2,096,578</b>	<b>5,083,112</b>
<b>Deferred inflow of resources</b>					
Unavailable revenues	80,982	-	250,000	1,906,948	2,237,930
<b>Fund balances</b>					
Nonspendable					
Interfund loans	4,927	-	-	-	4,927
Prepaid expenses	31,677	-	-	-	31,677
Restricted for					
East Hills	16,298	-	-	-	16,298
Development commitments	-	842,655	-	9,686	852,341
Committed for					
Street projects	-	1,020,820	-	-	1,020,820
Fire department	278,031	-	-	-	278,031
Other	-	-	26,690	931,153	957,843
Unassigned	12,484,426	-	-	(1,883,162)	10,601,264
<b>Total fund balances</b>	<b>12,815,359</b>	<b>1,863,475</b>	<b>26,690</b>	<b>(942,323)</b>	<b>13,763,201</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 15,023,512</b>	<b>\$ 2,714,172</b>	<b>\$ 285,356</b>	<b>\$ 3,061,203</b>	<b>\$ 21,084,243</b>

The accompanying notes are integral to this financial statement

# City of Ammon

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

September 30, 2022

Total fund balances - governmental funds		13,763,201
<p>Amounts reported for governmental activities in the statement of net position are different due to the following items:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Included in this amount are right-to-use assets for leased capital items.</p>		19,892,889
<p>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.</p>		2,214,680
<p>Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences	(80,468)	
Accrued interest	(26,957)	
Lease liability	(2,492)	
Notes payable	(1,790,853)	
Premium on note payable	(24,487)	
		(1,925,257)
<p>The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position: Net pension liability is \$1,902,357, deferred inflows of resources related to pensions is \$8,489, and deferred outflows of resources related to pensions is \$992,917.</p>		(917,929)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.</p>		178,139
<hr/>		
<b>Net position - governmental activities, per statement of net position</b>		<b>\$ 33,205,723</b>

The accompanying notes are integral to this financial statement

# City of Ammon

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

<i>Year Ended September 30, 2022</i>	<b>General</b>	<b>Street</b>	<b>Parks and Recreation</b>	<b>Nonmajor Gov'tals</b>	<b>Total</b>
<b>Revenues</b>					
Property Taxes	\$ 2,370,395	\$ -	\$ -	\$ -	2,370,395
Franchise fees	157,849	306,011	-	-	463,860
Licenses and Permits	106,514	-	-	823,321	929,835
Intergovernmental revenue	2,707,654	1,283,054	-	-	3,990,708
Penalty and charges	(5)	-	-	-	(5)
Planning	82,429	449,414	25,000	387,817	944,660
Recreation Fees	-	-	216,417	-	216,417
Earnings on Investment	(244,677)	(51,360)	-	59,518	(236,519)
Grants and donations	24,250	-	-	-	24,250
Miscellaneous revenues	79,628	14,630	74,223	884	169,365
<b>Total revenues</b>	<b>5,284,037</b>	<b>2,001,749</b>	<b>315,640</b>	<b>1,271,540</b>	<b>8,872,966</b>
<b>Expenditures</b>					
General government	1,426,348	-	-	-	1,426,348
Law enforcement	1,889,452	-	-	-	1,889,452
Fire protection	1,971	-	-	-	1,971
Planning & zoning	183,065	-	-	-	183,065
Engineering	137,695	-	-	-	137,695
Building	-	-	-	551,110	551,110
Parks	-	-	453,939	-	453,939
Recreation	-	-	254,492	-	254,492
Pool	-	-	222,237	-	222,237
Highways and streets	-	1,511,702	-	-	1,511,702
Fiber optic LID	-	-	-	1,181,037	1,181,037
<b>Total expenditures</b>	<b>3,638,531</b>	<b>1,511,702</b>	<b>930,668</b>	<b>1,732,147</b>	<b>7,813,048</b>
<b>Revenues over (under) expenditures</b>	<b>1,645,506</b>	<b>490,047</b>	<b>(615,028)</b>	<b>(460,607)</b>	<b>1,059,918</b>
<b>Other financing sources (uses)</b>					
Transfers Out	(706,761)	-	706,761	-	-
<b>Total other financing sources (uses)</b>	<b>(706,761)</b>	<b>-</b>	<b>706,761</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>938,745</b>	<b>490,046</b>	<b>91,733</b>	<b>(460,607)</b>	<b>1,059,917</b>
<b>Fund balances, beginning of year</b>	<b>11,876,614</b>	<b>1,373,429</b>	<b>(65,043)</b>	<b>(481,716)</b>	<b>12,703,284</b>
<b>Fund balances, end of year</b>	<b>\$ 12,815,359</b>	<b>\$ 1,863,475</b>	<b>\$ 26,690</b>	<b>\$ (942,323)</b>	<b>\$ 13,763,201</b>

The accompanying notes are integral to this financial statement

# City of Ammon

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

September 30, 2022

<b>Net change in fund balances - governmental funds</b>		1,059,917
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Under GASB 87, leased capital assets are included as right-of-use assets and the costs are allocated over the remaining life of the lease as amortization expense. In the current period, these amounts are:</p>		
Capital outlay, including right of use assets	730,907	
Depreciation and amortization expense	<u>(1,459,113)</u>	(728,206)
<p>Because some property taxes and LID assessments will not be collected until after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.</p>		
		(155,263)
<p>Compensated absences are expended as used in the governmental funds. However, they are expensed as earned on the statement of activities.</p>		
		(7,497)
<p>Governmental funds report lease agreements as expenditures when paid while the Statement of Activities reports these as liabilities when incurred, and expenses as amortized over the life of the lease according to GASB 87 standards. See also note 7. This is the amount of amortization on lease and lease-like purchases for the year.</p>		
		6,621
<p>The pension benefits are reported in the governmental funds when paid but in the Statement of Activities when earned. The change in the pension liability (asset) is \$1,861,675. The change in deferred outflows of resources related to pensions is \$429,535. The change in deferred inflows of resources related to pensions is \$(1,292,927).</p>		
		(220,577)
<p>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.</p>		
		315,942
<p>Internal service funds are used by the City to charge the costs of certain activities to the individual funds. The net revenue of internal service funds applicable to governmental activities is reported with governmental activities.</p>		
		(8,543)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>262,394</b>

The accompanying notes are integral to this financial statement

# City of Ammon, Idaho

## Statement of Net Position

### Proprietary Funds

<i>As of September 30, 2022</i>	Business-Type Activities					Governmental
					Total	Internal Service
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds		Funds
<b>Assets</b>						
Current assets						
Investments	\$ 1,507,368	\$ 8,115,019	\$ 383,624	\$ 3,070,927	\$ 13,076,938	\$ 282,935
Accounts Receivable	776,851	340,952	33,960	43,592	1,195,355	-
<b>Total current assets</b>	<b>2,284,219</b>	<b>8,455,971</b>	<b>417,584</b>	<b>3,114,519</b>	<b>14,272,293</b>	<b>282,935</b>
Capital assets						
Nondepreciable assets	5,682,333	1,147,696	-	37,357	6,867,386	-
Depreciable assets, net	23,962,701	8,705,820	3,198,644	414,819	36,281,984	154,482
Right of use asset, net	33,129	17,366	-	2,481	52,976	-
<b>Total capital assets</b>	<b>29,678,163</b>	<b>9,870,882</b>	<b>3,198,644</b>	<b>454,657</b>	<b>43,202,346</b>	<b>154,482</b>
<b>Total assets</b>	<b>31,962,382</b>	<b>18,326,853</b>	<b>3,616,228</b>	<b>3,569,176</b>	<b>57,474,639</b>	<b>437,417</b>
<b>Deferred outflow of resources</b>						
Related to pensions	185,696	96,902	163,399	84,177	530,174	-
<b>Liabilities and net position</b>						
Current						
Accrued salaries and benefits	37,095	16,228	13,057	16,443	82,823	29,567
Accrued interest payable	38,768	297,315	-	3	336,086	-
Deposits payable	110,920	1,560	-	6,500	118,980	-
Grants received in advance	-	-	38,158	-	38,158	-
Lease liability - current	14,134	7,409	-	1,058	22,601	-
Notes payable - current	781,674	588,465	-	-	1,370,139	-
<b>Total current</b>	<b>982,591</b>	<b>910,977</b>	<b>51,215</b>	<b>24,004</b>	<b>1,968,787</b>	<b>29,567</b>
Noncurrent						
Pension liability	325,889	138,649	365,528	102,027	932,093	-
Interfund payable	-	-	429,600	-	429,600	-
Lease liability	19,144	10,035	-	1,434	30,613	-
Long-term debt	6,605,373	16,413,267	-	-	23,018,640	-
<b>Total noncurrent</b>	<b>6,950,406</b>	<b>16,561,951</b>	<b>795,128</b>	<b>103,461</b>	<b>24,410,946</b>	<b>-</b>
<b>Total liabilities</b>	<b>\$ 7,932,997</b>	<b>\$ 17,472,928</b>	<b>\$ 846,343</b>	<b>\$ 127,465</b>	<b>\$ 26,379,733</b>	<b>\$ 29,567</b>

**City of Ammon, Idaho**  
**Statement of Net Position**  
**Proprietary Funds (Continued)**

<i>As of September 30, 2022</i>	<b>Business-Type Activities</b>					<b>Governmental</b>
	<b>Water Funds</b>	<b>Wastewater Funds</b>	<b>Fiber Optic</b>	<b>Nonmajor Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Deferred inflow of resources</b>						
Related to pensions	1,456	621	1,631	455	4,163	-
<b>Net position</b>						
Net investment in capital assets	22,257,838	9,848,742	3,198,644	452,165	35,757,389	154,482
Restricted	-	1,068,523	-	-	1,068,523	-
Assigned	863,504	-	-	3,000	866,504	-
Unrestricted	1,092,283	(9,967,059)	(266,991)	3,070,268	(6,071,499)	253,368
<b>Total net position</b>	<b>\$ 24,213,625</b>	<b>\$ 950,206</b>	<b>\$ 2,931,653</b>	<b>\$ 3,525,433</b>	<b>\$ 31,620,917</b>	<b>\$ 407,850</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					229,711	
<b>Net position of business-type activities</b>					<b>\$ 31,850,628</b>	

The accompanying notes are integral to this financial statement



# City of Ammon

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

<i>Year Ended September 30, 2022</i>	Business-Type Activities					Governmental
						Activities
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds	Total	Internal Service Funds
<b>Operating revenues</b>						
Charges for Services	\$ 3,731,573	\$ 3,636,174	\$ 780,153	\$ 715,431	\$ 8,863,331	\$ 624,475
Connection Fees	843,748	420,729	-	-	1,264,477	-
Penalties	34,922	-	307	-	35,229	-
Miscellaneous	57,367	8,140	22,038	9,450	96,995	1,000
<b>Total operating revenues</b>	<b>4,667,610</b>	<b>4,065,043</b>	<b>802,498</b>	<b>724,881</b>	<b>10,260,032</b>	<b>625,475</b>
<b>Operating expenses</b>						
Power	310,079	15,732	-	-	325,811	-
Treatment	-	970,605	-	-	970,605	-
Operations and Maintenance	867,729	3,994,390	423,352	219,478	5,504,949	268,272
Salaries and Benefits	568,353	372,954	233,156	255,256	1,429,719	316,263
Depreciation	904,140	365,406	208,552	108,345	1,586,443	41,508
<b>Total operating expenses</b>	<b>2,650,301</b>	<b>5,719,087</b>	<b>865,060</b>	<b>583,079</b>	<b>9,817,527</b>	<b>626,043</b>
<b>Income (loss) from Operations</b>	<b>2,017,309</b>	<b>(1,654,044)</b>	<b>(62,562)</b>	<b>141,802</b>	<b>442,505</b>	<b>(568)</b>
<b>Non-operating revenues (expenses)</b>						
Grants and Awards	1,000,000	1,600,000	961,842	-	3,561,842	-
Earnings on Investments	(60,378)	(276,084)	(16,363)	(81,124)	(433,949)	(13,907)
Interest Expense	(94,793)	(385,738)	-	(29)	(480,560)	-
<b>Total non-operating revenues (expenses)</b>	<b>844,829</b>	<b>938,178</b>	<b>945,479</b>	<b>(81,153)</b>	<b>2,647,333</b>	<b>(13,907)</b>
<b>Increase in net position</b>	<b>2,862,138</b>	<b>(715,866)</b>	<b>882,917</b>	<b>60,649</b>	<b>3,089,838</b>	<b>(14,475)</b>
<b>Net position, beginning of year</b>	<b>21,351,487</b>	<b>597,549</b>	<b>2,048,736</b>	<b>3,464,784</b>	<b>27,462,556</b>	<b>422,325</b>
<b>Net position, end of year</b>	<b>\$ 24,213,625</b>	<b>\$ (118,317)</b>	<b>\$ 2,931,653</b>	<b>\$ 3,525,433</b>	<b>\$ 30,552,394</b>	<b>\$ 407,850</b>
Change in net position - enterprise funds					3,089,838	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(5,928)	
<b>Change in net position of business-type activities</b>					<b>\$ 3,083,910</b>	

The accompanying notes are integral to this financial statement

# City of Ammon

## Statements of Cash Flows - Proprietary Funds

<i>Year Ended September 30, 2022</i>	Business-type Activities				Governmental Activities	
	Water Funds	Wastewater Funds	Fiber Optic Funds	Nonmajor Funds	Totals	Internal Service Funds
Cash flows from operating activities						
Cash received from customers	\$ 4,570,165	\$ 4,109,438	\$ 908,920	\$ 726,539	\$ 10,315,062	\$ 625,475
Cash payments to suppliers for goods and services	(1,177,808)	(5,180,927)	(423,352)	(219,478)	(7,001,565)	(268,272)
Cash payments to employees for services provided	(534,889)	(369,548)	(213,067)	(246,121)	(1,363,625)	(319,398)
<b>Net cash from operating activities</b>	<b>\$ 2,857,468</b>	<b>\$ (1,441,037)</b>	<b>\$ 272,501</b>	<b>\$ 260,940</b>	<b>\$ 1,949,872</b>	<b>\$ 37,805</b>
Cash flows from non-capital financing activities						
Proceeds (payments) on interfund loans	-	-	(41,800)	-	(41,800)	-
<b>Net cash from non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>(41,800)</b>	<b>-</b>	<b>(41,800)</b>	<b>-</b>
Cash flows from capital and related financing activities						
Receipt of non-operating grant funding	500,000	800,000	500,000	-	1,800,000	-
Purchase of property, plant, and equipment	(3,730,044)	(1,171,356)	(1,087,213)	(49,905)	(6,038,518)	(30,234)
Interest paid on long-term debt	(96,894)	(340,612)	-	(26)	(437,532)	-
Payments on long-term debt	(767,687)	(738,874)	-	-	(1,506,561)	-
<b>Net cash from capital and related financing activities</b>	<b>(4,094,625)</b>	<b>(1,450,842)</b>	<b>(587,213)</b>	<b>(49,931)</b>	<b>(6,182,611)</b>	<b>(30,234)</b>
Cash flows from investing activities						
Sale (purchase) of investments	1,297,535	3,167,963	372,875	(129,885)	4,708,488	6,336
Interest income	(60,378)	(276,084)	(16,363)	(81,124)	(433,949)	(13,907)
<b>Net cash from investing activities</b>	<b>1,237,157</b>	<b>2,891,879</b>	<b>356,512</b>	<b>(211,009)</b>	<b>4,274,539</b>	<b>(7,571)</b>
Net change in cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are integral to this financial statement

# City of Ammon

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

<i>Year Ended September 30, 2022</i>	Business-type Activities				Governmental Activities	
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 2,017,309	\$ (1,654,044)	\$ (62,562)	\$ 141,802	\$ 442,505	\$ (568)
Adjustment to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation	904,140	365,406	208,552	108,345	1,586,443	41,508
Decrease (increase) in accounts receivable	(96,070)	43,285	12,737	(1,602)	(41,650)	-
Decrease (increase) in inventory	-	-	93,685	-	93,685	-
Increase (decrease) in accrued salaries and benefits	431	(4,024)	(15,877)	(1,548)	(21,018)	(3,135)
Increase (decrease) in connection payable	-	(200,200)	-	-	(200,200)	-
Increase (decrease) in deposits payable	(1,375)	1,110	-	3,260	2,995	-
Increase (decrease) in GASB 68 items	33,033	7,430	35,966	10,683	87,112	-
Net cash (used) by operating activities	\$ 2,857,468	\$ (1,441,037)	\$ 272,501	\$ 260,940	\$ 1,949,872	\$ 37,805

### Supplemental Schedule of Noncash Investing and Financing Activities

During 2022, the City financed the purchase of capital equipment through a lease liability. This amount was split between the water, street, and wastewater funds for a total purchase price of \$71,301.

The accompanying notes are integral to this financial statement

# City of Ammon

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Introduction

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

#### Reporting Entity

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

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

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

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

#### Basis of Presentation

##### Government-Wide Financial Statements

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

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

# City of Ammon

## Notes to Financial Statements

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

#### Basis of Presentation (Continued)

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

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

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

The City applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation 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

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

#### Basis of Presentation (Continued)

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

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

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

#### Proprietary Fund Types

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

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

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

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

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

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

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

Additionally, the City reports the following fund type:

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

# City of Ammon

## Notes to Financial Statements

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

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

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

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

#### **Measurement Focus and Basis of Accounting**

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

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

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

# City of Ammon

## Notes to Financial Statements

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

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

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

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

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

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

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

#### **Budgetary Control**

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

Encumbrances represent commitments related to unperformed contracts for goods or services. The City did not have any encumbrances at September 30, 2022.

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.



# City of Ammon

## Notes to Financial Statements

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

#### **Cash and Investments**

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

#### **Fair Value Measurements**

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

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

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

#### **Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. Prepaid items represent payments made by the City for which benefits extend beyond September 30, 2022. The costs of inventory are expensed when used. Prepaid items are recorded as expenditures when the cost is incurred.

#### **Receivables**

Property taxes are recognized as revenue in the period for which the taxes are levied. The tax levy is used to finance operations of the City's fiscal year ended September 30, 2022. 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, 2022, are considered available to pay current liabilities. Amounts not collected are deferred and recognized when they become available to the City.

# City of Ammon

## Notes to Financial Statements

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

#### **Receivables (Continued)**

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

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

#### **Capital Assets and Right of Use Assets**

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

Donated capital assets are recorded at estimated acquisition value at the date of donation. Renewals and betterments are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. There were no donations received for the year ended September 30, 2022.

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures in the governmental funds for equipment, vehicles, real property acquisitions, improvements, and infrastructure are recorded as capital outlay. Maintenance and repairs of a routine nature are charged to expenses/expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

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

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

# City of Ammon

## Notes to Financial Statements

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

#### Compensated Absences

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

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

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

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

#### Long-Term Obligations

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

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

#### GASB 87 Lease Accounting

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

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

# City of Ammon

## Notes to Financial Statements

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

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

**Operating ROU:** The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. **Finance ROU:** The ROU asset for finance leases is amortized on a straight-line basis over the lease term. **Operating leases with fluctuating lease payments:** For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

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

### Deferred Outflows/Inflows of Resources

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

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

The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions in the government-wide statement of net position.

# City of Ammon

## Notes to Financial Statements

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

#### Deferred Outflows/Inflows of Resources (Continued)

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

#### Pension Plan

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

#### Net Position

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

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

#### Fund Balances

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

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

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

# City of Ammon

## Notes to Financial Statements

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

#### Fund Balances (Continued)

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

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

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

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

#### Risk Management

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

#### Use of Estimates

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

# City of Ammon

## Notes to Financial Statements

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

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

During the fiscal year ended September 30, 2022, the City implemented the following GASB Pronouncements:

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

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

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

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

GASB Statement No. 92, Omnibus 2020: Issued January 2020, the objective of this statement is to enhance comparability in accounting and financial reporting and improve consistency in practice for certain previously implemented statements. This statement is effective for the fiscal years beginning after June 15, 2021.

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

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

#### **Subsequent Events**

The City has evaluated subsequent events through February 10, 2023, which is the date the financial statements were available to be issued. There are no subsequent events required to be disclosed.

# City of Ammon

## Notes to Financial Statements

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### Note 2: Cash and Investments

#### Deposits with Financial Institutions

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has reduced its concentration of credit risk by using several financial institutions. The formal policy as of September 30, 2022 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2022, \$3,426,292, 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 \$21,769,404 and the fair value was \$21,769,404. The amount not covered by insurance was \$12,852,633.

The City invests in the Local Government Investment Pool (LGIP) through the Idaho State Treasurer. All funds are invested by the Idaho State Treasurer's office in accordance with Sections 67-1210 and 67-1210A of the Idaho Code. All investments for the LGIP are collateralized with securities held by the LGIP's safekeeping agent in the LGIP's name. The investments held by the LGIP are carried at cost, which is not materially different than fair value (determined by the Idaho State Treasurer's office). The investments are subject to risk from market and interest rate fluctuations. The City has included this in cash since the average days of maturity is 15 days.

On September 30, 2022, City of Ammon had the following recurring fair value measurements.

Investment Type	Level 1	Level 2	Level 3	Total
State DBF Fund	\$ -	\$ 105,838	\$ -	\$ 105,838
Corporate Bonds	-	6,961,371	-	6,961,371
Agency Bonds	997,788	-	-	997,788
US Gov't Bonds	4,893,474	-	-	4,893,474
Certificates of Deposit	-	8,810,933	-	8,810,933
<b>Total Investments</b>	<b>\$ 5,891,262</b>	<b>\$ 15,878,142</b>	<b>\$ -</b>	<b>\$ 21,769,404</b>

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



# City of Ammon

## Notes to Financial Statements

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

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

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;
- Local Government Investment Pool” application of the September 30, 2022, fair value factor, as calculated by the State Treasurer to City of Ammon’s average daily balance in the fund; and,

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

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

The City invests in the Diversified Bond Fund (DBF) through the Idaho State Treasurer. Amounts held by the DBF were held in the following investments: corporate securities, mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, U.S. Government agency securities, U.S. Treasury securities money market funds, and accrued interest. The City had \$105,838 invested in the DBF at September 30, 2022.

The investments held by the DBF are carried at fair value (determined by the Idaho State Treasurer’s office). These investments are subject to risk from market and rate fluctuations. The weighted average duration was 3.02 years at September 30, 2022.

# City of Ammon

## Notes to Financial Statements

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

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 0.65 years. As of September 30, 2022, the City had the following investments 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	\$ -	\$ 105,838	\$ -	\$ 105,838	AAA
Corporate Bonds	1,908,288	5,053,083	-	6,961,371	AA-/A+/A/A-/BBB+
Agency Bonds	-	997,788	-	997,788	AAA
US Gov't Bonds	910,550	3,982,924	-	4,893,474	
Certificates of Deposit	1,591,894	7,219,039	-	8,810,933	NA/NR/A-1+/A-2/A-3/D
<b>Total Investments</b>	<b>\$ 4,410,732</b>	<b>\$ 17,358,672</b>	<b>\$ -</b>	<b>21,769,404</b>	
Plus cash				7,181,933	
<b>Total cash and investments</b>				<b>\$ 28,951,337</b>	

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

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

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

# City of Ammon

## Notes to Financial Statements

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

On September 30, 2022, City of Ammon does not hold more than 5 percent of total investments in any single security concentration other than U. S. Government Treasuries and Agencies.

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

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

### Note 3: Capital Assets

Capital asset balances and activity for the year ended September 30, 2022, were as follows:

<b>Governmental Activities:</b>	<b>Balance 09/30/21</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Balance 09/30/22</b>
Capital assets, not being depreciated:				
Land	\$ 1,070,597	\$ 67,321	\$ -	\$ 1,137,918
Construction in progress	436,638	485,082	-	921,720
<b>Total capital assets, not being depreciated</b>	<b>1,507,235</b>	<b>552,403</b>	<b>-</b>	<b>2,059,638</b>
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,235,482	\$ 14,750	\$ -	\$ 3,250,232
Infrastructure	47,651,062	81,556	-	47,732,618
Machinery and equipment	4,421,209	112,432	7,982	4,541,623
<b>Total capital assets, being depreciated</b>	<b>55,307,753</b>	<b>208,738</b>	<b>7,982</b>	<b>55,524,473</b>
Accumulated depreciation:				
Buildings and improvements	(1,533,596)	(121,522)	-	(1,655,118)
Infrastructure	(31,565,365)	(1,059,239)	-	(32,624,604)
Machinery and equipment	(2,976,434)	(319,151)	36,086	(3,259,499)
<b>Total accumulated depreciation</b>	<b>(36,075,395)</b>	<b>(1,499,912)</b>	<b>36,086</b>	<b>(37,539,221)</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 19,232,358</b>	<b>\$ (1,291,174)</b>	<b>\$ 44,068</b>	<b>\$ 17,985,252</b>
Right of use asset:				
Right of use asset	55,085	3,190	(55,085)	3,190
Accumulated amortization	(11,017)	(709)	11,017	(709)
<b>Total right of use asset, net</b>	<b>44,068</b>	<b>2,481</b>	<b>(44,068)</b>	<b>2,481</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 20,783,661</b>	<b>\$ (736,290)</b>	<b>\$ -</b>	<b>\$ 20,047,371</b>

# City of Ammon

## Notes to Financial Statements

### Note 3: Capital Assets (Continued)

<b>Business-type Activities:</b>	<b>Balance 09/30/21</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Balance 09/30/22</b>
Capital assets, not being depreciated:				
Land and water rights	\$ 732,962	\$ 70,000	\$ -	\$ 802,962
Construction in progress	2,329,727	3,734,697	-	6,064,424
<b>Total capital assets, not being depreciated</b>	<b>3,062,689</b>	<b>3,804,697</b>	<b>-</b>	<b>6,867,386</b>
Capital assets, being depreciated:				
Buildings and improvements	8,393,131	-	-	8,393,131
Infrastructure	35,914,641	1,828,846	-	37,743,487
Machinery and equipment	6,782,679	390,375	98,937	7,271,991
<b>Total capital assets, being depreciated</b>	<b>51,090,451</b>	<b>2,219,221</b>	<b>98,937</b>	<b>53,408,609</b>
Accumulated depreciation:				
Buildings and improvements	(3,123,585)	(248,327)	-	(3,371,912)
Infrastructure	(8,610,077)	(840,844)	-	(9,450,921)
Machinery and equipment	(3,810,855)	(482,136)	(10,801)	(4,303,792)
<b>Total accumulated depreciation</b>	<b>(15,544,517)</b>	<b>(1,571,307)</b>	<b>(10,801)</b>	<b>(17,126,625)</b>
<b>Total capital assets, being depreciated, net</b>	<b>35,545,934</b>	<b>647,914</b>	<b>88,136</b>	<b>36,281,984</b>
Right of use asset:				
Right of use asset	110,170	68,112	(110,170)	68,112
Accumulated amortization	(22,034)	(15,136)	22,034	(15,136)
<b>Total right of use asset, net</b>	<b>88,136</b>	<b>52,976</b>	<b>(88,136)</b>	<b>52,976</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 38,696,759</b>	<b>\$ 4,505,587</b>	<b>\$ -</b>	<b>\$ 43,202,346</b>

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

<b>Governmental activities:</b>	
General government	35,445
Fire protection	127,998
Building	7,109
Parks and recreation	93,036
Highway and streets	1,195,525
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	41,508
<b>Total depreciation and amortization expense, governmental activities</b>	<b>1,500,621</b>
<b>Business-Type activities:</b>	
Water	904,140
Wastewater	365,406
Sanitation	108,345
Fiber Optic	208,552
<b>Total depreciation and amortization expense, business-type activities</b>	<b>1,586,443</b>

# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan

#### Plan Description

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

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

#### *Pension Benefits*

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

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

#### *Member and Employer Contributions*

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2022, it was 7.16% and 9.13% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$346,795 for the year ended September 30, 2022.

# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan (Continued)

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

At September 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability(asset) was measured as of June 30, 2022, and the total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability(asset) was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the City's proportion was .0719631 percent.

For the year ended September 30, 2022, the City recognized pension expense of \$734,765. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 311,686	\$ 12,652
Changes in assumptions or other inputs	462,100	-
Net difference between projected and actual earnings on pension plan investments	652,174	-
City contributions subsequent to the measurement date	97,131	-
Total	\$ 1,523,091	\$ 12,652

\$97,131 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability(asset) in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021, the beginning of the measurement period ended June 30, 2021, is 4.6 years and 4.6 years for the measurement period June 30, 2022.

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>		
2023	\$	337,934
2024		366,903
2025		169,692
2026		538,740

# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan (Continued)

#### *Actuarial Assumptions*

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

The total pension liability(asset) in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Teachers - Males Pub-2010 Teacher Tables, increased 12%.

Teachers - Females Pub-2010 Teacher Tables, increased 21%.

Fire & Police - Males Pub-2010 Safety Tables, increased 21%.

Fire & Police - Females Pub-2010 Safety Tables, increased 26%.

5% of Fire and Police active member deaths are assumed to be duty related.

This assumptions was adopted July 1, 2021.

Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.

Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability (Asset) as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021.

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

# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan (Continued)

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2022.

#### *Capital Market Assumptions from Callan 2021*

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<i>Year Ended September 30, 2022</i>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return (Arithmetic)</b>
Large Cap	18.00 %	4.50 %
Small/Mid Cap	11.00 %	4.70 %
International Equity	15.00 %	4.50 %
Emerging Markets Equity	10.00 %	4.90 %
Domestic Fixed	20.00 %	(0.25)%
TIPS	10.00 %	(0.30)%
Real Estate	8.00 %	3.75 %
Private Equity	8.00 %	6.00 %

#### *Economic/Demographic Assumptions from Milliman 2021*

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#### *Discount Rate*

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



# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan (Continued)

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

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

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$ 5,002,527	\$ 2,834,450	\$ 1,059,936

#### *Pension plan fiduciary net position*

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

#### *Payables to the pension plan*

At September 30, 2022, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

### Note 5: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on September 30, 2022, are as follows:

<b>Fund</b>	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 2,427,928	\$ -
LID #1 Fund	-	(424,673)
LID #5 Fund	-	(1,573,655)
Fiber optic fund	-	(429,600)
Total	\$ 2,427,928	\$ (2,427,928)

The City loaned funds to support the creation and infrastructure for the LID funds until the loans can be converted into bonds or are repaid. The General fund also loaned money to the Fiber optic fund to cover infrastructure costs that will be reimbursed as additional users are brought onto the system. No repayment terms were set for the LID#5 at September 30, 2022.

# City of Ammon

## Notes to Financial Statements

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### Note 5: Interfund Balances and Activity (Continued)

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

Repayment terms for the LID #1 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 fourth payment was made during the 2022 fiscal year.

Repayment terms for the LID #5 from the general fund are not yet set because the LID #5 is not complete. Payment terms will be set once all costs have been accrued.

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

Interfund transfers at September 30, 2022, were as follows:

Fund	Transfer In	Transfer Out
General fund	\$ -	\$ 706,761
Parks and recreation	706,761	-
Total	\$ 706,761	\$ 706,761

The General Fund transferred \$706,761 to the Parks fund to assist cash flows within the City.

### Note 6: Long-Term Obligations

Governmental Funds:

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

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

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

The City has a lease agreement with John Deere to lease a 544 P Wheel Loader for 6 years beginning May 25, 2021, through May 25, 2026. The lease calls for annual payments of \$17,692 with an interest rate of 2.75% with a balloon payment of \$93,500 on May 25, 2026. The lease is subject to non-appropriation. The cost of this asset is split across the Water, Wastewater, and Street funds equally. Under GASB 87, this lease is now treated as a financed purchase. The applicable portion for the street fund is included with the governmental activities disclosure below, and the remaining portion belonging to the proprietary funds is disclosed on page 51.

# City of Ammon

## Notes to Financial Statements

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

The following is a summary of the changes in long-term obligations for the year ended September 30, 2022, for the governmental activities:

	Balance at October 1, 2021	Additions	Payments	Balance at September 30, 2022	Due Within One Year
Fiber Bond #2	\$ 534,662	\$ -	\$ (19,005)	\$ 515,657	\$ 19,955
Premium on Fiber Bond	25,387	-	(900)	24,487	948
Fiber Bond #3	580,752	-	(103,705)	477,047	49,572
Fiber Bond #4	947,184	-	(193,763)	753,421	53,226
Financed purchase	49,384	-	(4,656)	44,728	4,669
Lease liability	-	3,190	(698)	2,492	1,058
Total	\$ 2,137,369	\$ 3,190	\$ (322,727)	\$ 1,817,832	\$ 129,428

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

Year Ended September 30,	Principal	Interest	Total	Premium
2023	127,422	67,280	\$ 194,702	\$ 948
2024	137,107	57,595	194,702	995
2025	141,434	53,269	194,703	1,045
2026	171,168	48,802	219,970	1,097
2027	145,315	43,492	188,807	1,152
2028-2032	693,657	145,928	839,585	6,683
2033-2037	289,703	53,101	342,804	8,529
2038-2041	85,047	6,430	91,477	4,038
Total	1,790,853	475,897	\$ 2,266,750	\$ 24,487

#### Business-Type Enterprise Funds:

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

The City entered into a \$15,000,000 loan with the Department of Environmental Quality (DEQ) to fund the City's portion of the regionalization project (Eastern Idaho Regional Wastewater Authority) on April 24, 2008. The loan was increased to \$25,000,000 as confirmed by judicial review. This loan was closed for \$23,213,934 on April 24, 2013, and the City began repaying the loan.

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

# City of Ammon

## Notes to Financial Statements

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

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

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

Year Ended September 30,	Principal	Interest	Total
2023	\$ 1,370,139	\$ 573,681	\$ 1,943,820
2024	1,499,083	444,737	1,943,820
2025	1,525,793	418,027	1,943,820
2026	1,602,553	391,806	1,994,359
2027	1,568,321	363,705	1,932,026
2028-2032	7,388,244	1,408,379	8,796,623
2033-2037	4,504,095	838,515	5,342,610
2038-2042	4,930,551	305,128	5,235,679
Total	\$ 24,388,779	\$ 4,743,978	\$ 29,132,757

Following is a summary of the changes in long-term obligations for the year ended September 30, 2022, for the enterprise funds:

Governmental activities:	Beginning Balance			Ending Balance		Due Within One Year
	October 1, 2021	Increase	Decrease	September 30, 2022		
Financed purchase	\$ 98,628	\$ -	\$ (11,543)	\$ 89,456	\$ 9,338	
Refunding Bond - Water	8,110,006	-	(767,687)	7,342,319	777,005	
Revenue Bond - Sewer	17,686,408	-	(729,404)	16,957,004	583,796	
Lease liability	-	68,112	(14,898)	53,214	22,601	
Total	\$ 25,895,042	\$ 68,112	\$ (1,523,532)	\$ 24,441,993	\$ 1,392,740	

The City has pledged future water customer revenues, net of specified operating expenses, to repay the \$7,342,319 water revenue refunding bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the \$16,957,004 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

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### Note 7: Lease Agreements

City as Lessee

The terms and expiration dates of the City's leases payable at September 30, 2022 are as follows:

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

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

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

The following is a schedule of changes in leased assets for the year:

Governmental activities:	Beginning Balance		Decrease	Ending Balance		Due Within One Year
	October 1, 2021	Increase		September 30, 2022		
2022 Ford F-150 (2 units)	\$ -	\$ 51,034	\$ (11,162)	\$ 39,872	\$ 16,934	
2022 Ford Ranger	-	20,267	(4,433)	15,834	6,725	
Total	\$ -	\$ 71,301	\$ (15,595)	\$ 55,706	\$ 23,659	

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

Year Ended September 30,	Principal	Interest	Total
2023	23,659	606	\$ 24,265
2024	23,980	285	24,265
2025	8,067	23	8,090
Total	55,706	914	\$ 56,620

### Note 8: Deficit Fund Balance

The Fiber Optic Local Improvement District #1 is in a deficit of \$384,302 at September 30, 2022. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic Local Improvement District #5 is in a deficit of \$1,498,860 at September 30, 2022. This amount is expected to be repaid through the collections in the LID over time.

# City of Ammon

## Notes to Financial Statements

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### Note 9: Fund Balance

According to Governmental Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. As of September 30, 2022, the City had restricted funds for the following projects:

<i>Projects:</i>	General Fund	Street	Building
East Hills Development	\$ 16,298	\$ -	\$ -
Snowcrest Development	-	54,210	-
Mountain Bend - Division 2	-	47,707	-
Rockwell Homes	-	195,216	-
Liberty Homes	-	7,320	-
Kartchner Homes	-	2,093	-
JKY Properties - All star Homes	-	1,000	-
Hilltop Homes	-	600	-
My Storage Ammon	-	2,800	-
Guardian Homes	-	4,097	-
Tallman Construction	-	1,000	-
Riverbend Management	-	523,060	-
Crystal Builders	-	2,552	-
Odyssey Homes	-	1,000	-
Developer deposits	-	-	9,686
<b>Total</b>	<b>\$ 16,298</b>	<b>\$ 842,655</b>	<b>\$ 9,686</b>

### Note 10: Federal Grants

During fiscal years 2021 and 2022, the City was the recipient of \$3.68 million in federal funds under the Coronavirus State and Local Fiscal Recovery Funds program ("CSLFRF") for the purposes of responding to the ramifications of the coronavirus pandemic. This is a one-time award which the City has designated for use on infrastructure related to water, sewer, and broadband services throughout the City. \$3.58 million of these funds are shown as Grants and Contracts for presentation purposes in the attached financials and were spent during fiscal year 2022. The remaining amount is shown as deferred revenue.

### Note 11: Jointly Governed Organization

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

A separate legal entity, Eastern Idaho Regional Wastewater Authority (EIRWWA), was created. It is governed by a board made up of representatives from each of the members of the joint powers agreement. Capitalized assets acquired by the members of the joint powers agreement for EIRWWA during the construction phase were donated to the Authority as that phase became operational. In May 2022, the community voted the transition from EIRWWA to the Eastern Idaho Regional Sewer District (EIRSD). This change was effective August 2022.

# City of Ammon

## Notes to Financial Statements

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### **Note 11: Jointly Governed Organization** (Continued)

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

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

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

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

The costs of the operations of the EIRWWA/EIRSD are being allocated based on the users of the system. Currently, this results in 69% being allocated to the City of Ammon. The City of Ammon paid \$931,737 for flow charges and \$1,778,696 for the capacity replacement fees the City collected for EIRWWA/EIRSD during the 2021-2022 fiscal year. The City paid an additional \$1.6 million of ARPA funding and \$1,924,115 of capital replacement savings to EIRSD for phase 1 of their construction project to increase capacity at the plant.

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

EIRWWA/EIRSD  
618 E 1250 N  
Shelley, ID 83274

### **Note 12: 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.

# City of Ammon

## Notes to Financial Statements

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### Note 12: Ammon Urban Renewal Agency (Continued)

Cash and Investments. At September 30, 2022, the carrying amount and bank balance of the Agency's deposits was \$168,372. 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 as of September 30, 2022, the entire principal balance has now been paid off.

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, 2022, 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, 2022, 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, 2022, was approximately \$2,161,999.

Capital Improvement Reimbursement Payable/Receivable. On December 7, 2021, the Agency entered into a Capital Improvement reimbursement agreement with Advance Creative Solutions, LLC in the amount of \$833,354. This agreement was later amended to include \$195,192 to be paid to the Heaton Family and the original agreement was amended to Advance Creative Solutions by the amount to be paid to the Heaton's. The agreement provides that they will pay 70% of the revenue allocation proceeds that the Agency receives. If the amount has not been paid in full by December 31, 2040 the obligation is terminated. As the amount of the reimbursement amount is based upon property tax revenue to be received a receivable has also been booked in the same amount. As of September 30, 2022 the payable/receivable balance is \$830,354.

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

<i>Year Ended September 30, 2022</i>	Series 1999A Bonds	Notes Payable	Reimbursement Payable
Balance at October 1, 2021	\$ 165,000	\$ 964,065	\$ -
Principal payment	(165,000)	-	830,354
<b>Balance at September 30, 2022</b>	<b>\$ -</b>	<b>\$ 964,065</b>	<b>\$ 830,354</b>



# City of Ammon

## Notes to Financial Statements

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### **Note 12: Ammon Urban Renewal Agency (Continued)**

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

Letter-of-Credit. The Agency entered into an irrevocable direct-pay letter-of-credit dated July 21, 1999, with Wells Fargo Bank in order to secure and facilitate payment of principal and interest on the Series 1999 Bonds (the Bonds). The agreement amount is not to exceed the outstanding principal amount of the Bonds and 45 days' interest calculated at 12% per annum. The letter-of-credit has been extended until August 1, 2022. The letter-of-credit fee is due in advance on August 1 of each year and is equal to 2% of the outstanding principal of the Bonds. The letter-of-credit fees incurred for the year ended September 30, 2022, was \$2,512.

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

Subsequent Events. Management of the Agency evaluated subsequent events through January 19, 2023, which was the date the financial statements were available to be issued. There were no subsequent type events, identified by management of the Agency, that are required to be disclosed.

## **Required Supplemental Information**

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# City of Ammon

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

Year Ended September 30, 2022	General		
	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Property taxes	\$ 2,356,353	\$ 2,370,395	\$ 14,042
Franchise fees	170,000	157,849	(12,151)
Licenses and Permits	100,150	106,514	6,364
Intergovernmental	2,380,074	2,707,654	327,580
Penalty and charges	-	(5)	(5)
Planning	58,837	82,429	23,592
Earnings on Investments	121,066	(244,677)	(365,743)
Grants and Awards	40,685	24,250	(16,435)
Miscellaneous revenues	188,905	79,628	(109,277)
Total revenues	5,416,070	5,284,037	(132,033)
<b>Expenditures</b>			
Current			
General Government	\$ 1,567,665	\$ 1,426,348	\$ 141,317
Law Enforcement	1,920,512	1,889,452	31,060
Fire Protection	-	1,971	(1,971)
Planning & Zoning	190,723	183,065	7,658
Engineering	146,324	137,695	8,629
Capital Outlay	200,000	-	200,000
Total expenditures	4,025,224	3,638,531	386,693
Excess (deficiency) of revenue over expenditures	1,390,846	1,645,506	254,660
<b>Other financing sources (uses)</b>			
Transfers Out	(706,761)	(706,761)	-
Total other financing sources (uses)	(706,761)	(706,761)	-
Net change in fund balance	<u>\$ 684,085</u>	938,745	<u>\$ 254,660</u>
Fund balance at beginning of year		<u>11,876,614</u>	
Fund balance at end of year		<u>\$ 12,815,359</u>	

See Independent Auditor's Report.

# City of Ammon

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

	Street		
Year Ended September 30, 2022	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Franchise fees	\$ 285,000	\$ 306,011	\$ 21,011
Intergovernmental revenue	828,570	1,283,054	454,484
Planning	114,750	449,414	334,664
Earnings on Investments	22,066	(51,360)	(73,426)
Grants and Awards	5,375,700	-	(5,375,700)
Miscellaneous revenue	61,200	14,630	(46,570)
Total revenues	6,687,286	2,001,749	(4,685,537)
<b>Expenditures</b>			
Current			
Highways and Streets	\$ 6,938,532	\$ 1,511,703	\$ 5,426,829
Total expenditures	6,938,532	1,511,703	5,426,829
Net change in fund balance	<u>\$ (251,246)</u>	490,046	<u>\$ 741,292</u>
Fund balance at beginning of year		<u>1,373,429</u>	
Fund balance at end of year		<u>\$ 1,863,475</u>	

See Independent Auditor's Report.

# City of Ammon

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

	Parks and Recreation		
Year Ended September 30, 2022	Original and Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>			
Planning	\$ 125,200	\$ 25,000	\$ (100,200)
Miscellaneous Revenues	130,000	74,223	(55,777)
Recreation Fees	246,750	216,417	(30,333)
Total revenues	501,950	315,640	(186,310)
<b>Expenditures</b>			
Current			
Parks	\$ 775,622	\$ 453,939	\$ 321,683
Recreation	226,981	254,492	(27,511)
Pool	206,109	222,237	(16,128)
Total expenditures	1,208,712	930,668	278,044
Excess (deficiency) of revenue over expenditures	(706,762)	(615,028)	91,734
<b>Other financing sources (uses)</b>			
Transfers In	706,761	706,761	-
Total other financing sources (uses)	706,761	706,761	-
Net change in fund balance	<u>\$ (1)</u>	91,733	<u>\$ 91,734</u>
Fund balance at beginning of year		<u>(65,043)</u>	
Fund balance at end of year		<u>\$ 26,690</u>	

See Independent Auditor's Report.

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

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**Determined as of the Measurement Date**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Employer's portion of the Net Pension Liability (Asset)	0.071963 %	0.077600 %	0.077370 %	0.077110 %	0.071120 %
Employer's proportionate share of Net Pension Liability(Asset)	2,834,450	(61,286)	1,796,636	880,145	1,049,062
Total	2,834,450	(61,286)	1,796,636	880,145	1,049,062
Employer's Covered Payroll	2,850,023	2,783,300	2,765,392	2,618,938	2,369,811
Employer's Proportionate Share of the net pension liability(asset) as a percent of Covered Payroll	99.45 %	(2.20)%	64.97 %	33.61 %	44.27 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	83.09 %	100.36 %	88.22 %	93.79 %	91.69 %

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's portion of the Net Pension Liability (Asset)	0.066020 %	0.064340 %	0.064710 %
Employer's proportionate share of Net Pension Liability(Asset)	1,037,718	1,304,338	852,082
Total	1,037,718	1,304,338	852,082
Employer's Covered Payroll	2,050,530	1,881,846	1,812,412
Employer's Proportionate Share as a percent of Covered Payroll	50.61 %	69.31 %	47.01 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	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, 2022.

See Independent Auditor's Report.

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

**Determined as of the Reporting Date**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Statutorily Required Contribution	348,251	326,352	338,594	308,277	268,812
Contributions in Relation to the Statutorily Required Contributions	348,251	326,352	338,594	308,277	268,812
Contribution Deficiency (Excess)	0	0	0	0	0
Employer's Covered Payroll	2,916,677	2,733,270	2,824,401	2,678,343	2,354,629
Contributions as a percent of Covered Payroll	11.94 %	11.94 %	11.99 %	11.51 %	11.42 %

	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily Required Contributions	240,568	215,743	206,496
Plan Choice Rate Required Contributions	0	0	0
Contributions in Relation to the Statutorily Required Contributions	240,568	215,743	206,496
Contribution Deficiency (Excess)	0	0	0
City's covered payroll	2,117,587	1,898,349	1,816,643
Contributions as a percent of Covered Payroll	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, 2022.

See Independent Auditor's Report.

## **Other Information**

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# City of Ammon

## Special Revenue Funds

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### Special Revenue Funds

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

#### **Building Fund**

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

#### **Fiber Optic Local Improvement District #1**

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

#### **Fiber Optic Local Improvement District #2**

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

#### **Fiber Optic Local Improvement District #3**

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

#### **Fiber Optic Local Improvement District #4**

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

#### **Fiber Optic Local Improvement District #5**

Fiber Optic LID #5 is used to account for the City's installation of fiber optic in North Centennial, Briar Creek, North Tie Breaker to First Street, Georgia to Sunnyside, South Ross, and Rawson Street subdivisions. The installation started during the year ended September 30, 2021, but has not been completed.

See Independent Auditor's Report

# City of Ammon

## Combining Balance Sheet - Nonmajor Governmental Funds

<i>September 30, 2022</i>	<b>Building</b>	<b>Fiber Local Improvement District #1</b>	<b>Fiber Local Improvement District #2</b>	<b>Fiber Local Improvement District #3</b>
<b>Assets and Deferred Outflows of Resources</b>				
Cash and investments	\$ 720,163	\$ 20,235	\$ 52,544	\$ 42,893
Other receivables	24,521	431,496	362,476	512,824
Total assets	744,684	451,731	415,020	555,717
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities				
Accrued salaries and benefits	11,250	-	-	-
Accrued interest payable	-	7,573	17,871	5,075
Deposits payable	9,686	-	-	-
Interfund payable	-	424,673	-	-
Total liabilities	20,936	432,246	17,871	5,075
<b>Deferred inflows of resources</b>				
Unavailable revenues	-	403,787	343,914	478,052
Total deferred inflows of resources	-	403,787	343,914	478,052
Total liabilities and deferred inflows of resources	20,936	836,033	361,785	483,127
<b>Fund balances</b>				
Restricted for				
Development commitments	9,686	-	-	-
Other	714,062	-	53,235	72,590
Unassigned	-	(384,302)	-	-
Total fund balances	723,748	(384,302)	53,235	72,590
Total liabilities, deferred inflows or resources and fund balances	\$ 744,684	\$ 451,731	\$ 415,020	\$ 555,717

See Independent Auditor's Report.

# City of Ammon

## Combining Balance Sheet - Nonmajor Governmental Funds

<i>September 30, 2022</i>	Fiber Local Improvement District #4	Fiber Local Improvement District #5	All Nonmajor Funds
<b>Assets and Deferred Outflows of Resources</b>			
Cash and investments	\$ 34,455	\$ 119,619	\$ 989,909
Other receivables	739,977	-	2,071,294
Total assets	774,432	119,619	3,061,203
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities			
Accrued salaries and benefits	-	16,305	27,555
Accrued interest payable	1,971	28,519	61,009
Deposits payable	-	-	9,686
Interfund payable	-	1,573,655	1,998,328
Total liabilities	1,971	1,618,479	2,096,578
<b>Deferred inflows of resources</b>			
Unavailable revenues	681,195	-	1,906,948
Total deferred inflows of resources	681,195	-	1,906,948
Total liabilities and deferred inflows of resources	683,166	1,618,479	4,003,526
<b>Fund balances</b>			
Restricted for			
Development commitments	-	-	9,686
Other	91,266	-	931,153
Unassigned	-	(1,498,860)	(1,883,162)
Total fund balances	91,266	(1,498,860)	\$ (942,323)
Total liabilities, deferred inflows or resources and fund balances	\$ 774,432	\$ 119,619	\$ 3,061,203

See Independent Auditor's Report.

# City of Ammon

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

<i>Year Ended September 30, 2022</i>	<b>Building</b>	<b>Fiber Local Improvement District #1</b>	<b>Fiber Local Improvement District #2</b>	<b>Fiber Local Improvement District #3</b>
<b>Revenues</b>				
Licenses and Permits	\$ 823,321	\$ -	\$ -	\$ -
Planning	-	47,810	62,589	105,260
Earnings on investment	(13,000)	13,440	17,742	17,320
Miscellaneous revenue	884	-	-	-
<b>Total revenues</b>	<b>811,205</b>	<b>61,250</b>	<b>80,331</b>	<b>122,580</b>
<b>Expenditures</b>				
Current:				
Building	551,110	-	-	-
Fiber Optic LID	-	17,805	108,733	124,584
<b>Total expenditures</b>	<b>551,110</b>	<b>17,805</b>	<b>108,733</b>	<b>124,584</b>
Excess (deficiency) of revenues over expenditures	260,095	43,445	(28,402)	(2,004)
Net change in fund balance	260,095	43,445	(28,402)	(2,004)
Fund balance, beginning of year	463,653	(427,747)	81,637	74,594
<b>Fund balance, end of year</b>	<b>\$ 723,748</b>	<b>\$ (384,302)</b>	<b>\$ 53,235</b>	<b>\$ 72,590</b>

See Independent Auditor's Report.

# City of Ammon

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

<i>Year Ended September 30, 2022</i>	<b>Fiber Local Improvement District #4</b>	<b>Fiber Local Improvement District #5</b>	<b>All Nonmajor Funds</b>
<b>Revenues</b>			
Licenses and Permits	\$ -	\$ -	\$ 823,321
Planning	172,158	-	387,817
Earnings on investment	24,016	-	59,518
Miscellaneous revenue	-	-	884
Total revenues	196,174	-	1,271,540
<b>Expenditures</b>			
Current:			
Building	-	-	551,110
Fiber Optic LID	219,984	709,931	1,181,037
Total expenditures	219,984	709,931	1,732,147
Excess (deficiency) of revenues over expenditures	(23,810)	(709,931)	(460,607)
Net change in fund balance	(23,810)	(709,931)	(460,607)
Fund balance, beginning of year	115,076	(788,929)	(481,716)
Fund balance, end of year	\$ 91,266	\$ (1,498,860)	\$ (942,323)

See Independent Auditor's Report.

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

<i>September 30, 2022</i>	<b>Pressurized Irrigation</b>	<b>Sanitation</b>	<b>All Nonmajor Funds</b>
<b>Assets</b>			
Current assets			
Investments	6,981	3,063,946	3,070,927
Accounts receivable	(303)	43,895	43,592
Total current assets	6,678	3,107,841	3,114,519
Nondepreciable capital assets	-	37,357	37,357
Depreciable capital assets, net	-	414,819	414,819
Right of Use Asset, net	-	2,481	2,481
Total assets	6,678	3,562,498	3,569,176
<b>Deferred outflow of resources</b>			
Related to pensions	-	84,177	84,177
Total assets and deferred outflow of resources	6,678	3,646,675	3,653,353
<b>Liabilities</b>			
<b>Current</b>			
Accrued salaries and benefits	-	16,443	16,443
Accrued interest	-	3	3
Deposit Payable	3,000	3,500	6,500
Lease liability - current	-	1,058	1,058
Total current liabilities	3,000	21,004	24,004
<b>Non-current</b>			
Lease liability	-	1,434	1,434
Pension Liability	-	102,027	102,027
Total non-current liabilities	-	103,461	103,461
Total liabilities	3,000	124,465	127,465
<b>Deferred inflow of resources</b>			
Related to pensions	-	455	455
<b>Net Position</b>			
Net investment in capital assets	-	452,165	452,165
Assigned	3,000	-	3,000
Unrestricted	678	3,069,590	3,070,268
Total net position (deficit)	3,678	3,521,755	3,525,433
Total assets and deferred outflow of resources	6,678	3,646,675	3,653,353

See Independent Auditor's Report.

# City of Ammon

## Combining Statement of Revenues, Expenses and Changes In Net Position Proprietary Funds

<i>Year Ended September 30, 2022</i>	Pressurized Irrigation	Sanitation	All Nonmajor Funds
Operating revenues			
Charges for Services	\$ -	\$ 715,431	\$ 715,431
Miscellaneous	7,988	1,462	9,450
Total operating revenues	7,988	716,893	724,881
Operating expenses			
Operations and Maintenance	-	219,478	219,478
Salaries and Benefits		255,256	255,256
Depreciation	-	108,345	108,345
Total operating expenses	-	583,079	583,079
Operating income (loss)	7,988	133,814	141,802
Non-operating revenues (expenses)			
Earnings on Investments	(170)	(80,954)	(81,124)
Interest Expense	-	(29)	(29)
Total non-operating revenues (expenses)	(170)	(80,983)	(81,153)
Changes in net position	7,818	52,831	60,649
Net position, beginning of year	(4,140)	3,468,924	3,464,784
Net position, end of year	\$ 3,678	\$ 3,521,755	\$ 3,525,433

See Independent Auditor's Report.

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

Honorable Mayor and City Council  
City of Ammon  
Ammon, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Ammon, as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the City of Ammon's basic financial statements, and have issued our report thereon dated February 10, 2023. Our report includes a reference to other auditors who audited the financial statements of Ammon Urban Renewal Agency, the discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditors.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Ammon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ammon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ammon's internal control.

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

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



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Ammon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ammon's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ammon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wipfli LLP

Idaho Falls, Idaho  
February 10, 2023