

# City of Ammon, Idaho

Financial Statements and  
Supplementary Information

Year ended September 30, 2019



**WIPFLI**<sup>LLP</sup>  
CPAs and Consultants

# City of Ammon

Year Ended September 30, 2019

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## Table of Contents

Management's Discussion and Analysis.....	1
Independent Auditor's Report.....	9
<b>Financial Statements</b>	
Government-wide Statement of Net Position.....	11
Statement of Activities.....	12
Balance Sheet	
Governmental Funds.....	13
Reconciliation of Governmental Funds Balance Sheet	
to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances	
Governmental Funds.....	15
Reconciliation of the Governmental Funds Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities.....	16
Statement of Net Position	
Proprietary Funds.....	17
Statement of Revenues, Expenses, and Changes in Fund Net Position	
Proprietary Funds.....	18
Statements of Cash Flows	
Proprietary Funds.....	19
Notes to Financial Statements.....	21
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance	
Budget to Actual - Government Funds.....	46
Schedule of Employer's Share of Net Pension Liability and Schedule of Employer Contributions.....	48
<b>Other Information</b>	
Nonmajor Governmental Funds	
Special Revenue Funds.....	50
All Nonmajor Funds	
Combining Balance Sheet.....	51
All Nonmajor Funds	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	52
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.....	53

# City of Ammon, Idaho

## Management's Discussion and Analysis

September 30, 2019

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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, 2019. The intent of the discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Ammon exceeded its liabilities at the close of fiscal year 2019 by \$44,516,682 (net position). Of this amount, \$12,472,723 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,603,846 in comparison with the prior year mainly due to increases in water and wastewater revenues and increases in property tax revenues through the county.
- As of the close of fiscal year 2019, the City of Ammon's governmental funds reported combined ending fund balances of \$10,422,042, an increase of \$1,064,233 in comparison with the prior year. Approximately \$8,693,817 of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of fiscal year 2019, unassigned fund balance for the General fund was \$9,655,000.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

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

# City of Ammon, Idaho

## Management's Discussion and Analysis

September 30, 2019

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

# City of Ammon, Idaho

## Management's Discussion and Analysis

*September 30, 2019*

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$44,516,682 as of September 30, 2019.

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

The following table provides a summary of the City's net position for 2019 compared to 2018:

	<u>2019</u>	<u>2018</u>
Assets		
Current and other assets	<b>32,008,249</b>	27,402,939
Capital assets	<b>46,359,644</b>	46,967,936
Total assets	<b>78,367,893</b>	74,370,875
Deferred outflows of resources	<b>218,523</b>	260,509
Liabilities		
Current and other liabilities	<b>2,742,466</b>	2,103,964
Long-term liabilities	<b>30,923,699</b>	31,418,797
Total liabilities	<b>33,666,165</b>	33,522,761
Deferred inflows of resources	<b>403,569</b>	195,787
Net position		
Net investment in capital assets	<b>29,640,896</b>	29,681,654
Restricted	<b>2,403,063</b>	2,638,620
Unrestricted	<b>12,472,723</b>	8,592,562
Total net position	<b>44,516,682</b>	40,912,836

# City of Ammon, Idaho

## Management's Discussion and Analysis

September 30, 2019

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The restricted portion of the City's net position, \$2,403,063, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12,472,723, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position, for the government as a whole and business-type activities.

In the prior year the City reported positive balances in all three categories for governmental but only for two categories for the business-type activities as most of the assets for the wastewater project were transferred to EIRWWA and the associated debt carried by the City outweighed the remaining value of assets in that fund.

The net position of the City, as a whole, increased \$3,603,846 from \$40,912,836 at September 30, 2018, to \$44,516,682 at September 30, 2019. Governmental activities increased \$176,741 over the prior year while business-type activities increased \$3,427,105 over the same period.

**Governmental Activities.** Governmental activities increased the City's net position by \$176,741. Key elements of this increase are as follows:

- Increases in property taxes.

The following table shows the changes in net position for fiscal years 2019 and 2018.

	2018 Governmental Activities	2019 Governmental Activities	2018 Business- type Activities	2019 Business- type Activities
Revenues				
Program revenues				
Charges for services	844,291	<b>925,681</b>	6,968,938	<b>8,556,695</b>
Operating grants and contributions	714,437	<b>806,895</b>		
Capital grants and contributions	162,968	<b>616,224</b>	45,664	<b>47,013</b>
General revenues				
Property taxes	2,568,563	<b>2,775,416</b>		
LID assessments	792,048	<b>685,165</b>		
Intergovernmental revenues	1,616,773	<b>1,760,974</b>		
Miscellaneous	748,625	<b>1,069,339</b>	198,225	<b>696,616</b>
Total revenues	<u>7,447,705</u>	<u><b>8,639,694</b></u>	<u>7,212,827</u>	<u><b>9,300,324</b></u>

# City of Ammon, Idaho

## Management's Discussion and Analysis

September 30, 2019

	2018 Governmental Activities	2019 Governmental Activities	2018 Business- type Activities	2019 Business- type Activities
Expenses				
General government	1,099,145	<b>1,383,408</b>		
Law enforcement	1,448,175	<b>1,602,667</b>		
Fire protection	851,161	<b>1,269,678</b>		
Planning and zoning	153,409	<b>68,044</b>		
Engineering	88,517	<b>36,275</b>		
Building	390,887	<b>423,300</b>		
Parks	322,666	<b>395,768</b>		
Recreation	25,347	<b>23,691</b>		
Pool	145,572	<b>165,174</b>		
Highway and streets	1,980,156	<b>2,186,505</b>		
Fiber optic LID	679,120	<b>905,534</b>		
Capital outlay		<b>2,909</b>		
Water			2,350,820	<b>2,431,343</b>
Wastewater			2,883,308	<b>2,209,588</b>
Sanitation			859,878	<b>876,893</b>
Fiber optic			227,577	<b>355,395</b>
Total expenses	<u>7,184,155</u>	<u><b>8,462,953</b></u>	<u>6,321,583</u>	<u><b>5,873,219</b></u>
Changes in net position	<u>263,550</u>	<u><b>176,741</b></u>	<u>891,244</u>	<u><b>3,427,105</b></u>

**Business-type Activities.** Business-type operating activities increased the City's net position by \$3,427,105. Key elements of this increase are as follows:

- Total revenues increased by \$2,087,497 for the year ended September 30, 2019, due to an increase in metered billings and income from the sale of assets related to commercial sanitation.
- Total expenses decreased by \$448,364 for the year ended September 30, 2019.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$10,422,042, an increase of \$1,064,233 in comparison with the prior year. Approximately 83% of this total amount, \$8,693,817, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been obligated for a variety of restricted purposes.

The General Fund is the chief operating fund of the City. At September 30, 2019, unassigned fund balance of the General Fund was \$9,655,000 while total fund balance is \$9,977,279. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

# City of Ammon, Idaho

## Management's Discussion and Analysis

*September 30, 2019*

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The fund balance of the City's General Fund increased by \$933,209 during the current fiscal year. The key factors in this are:

- Revenues increased by \$736,895 which stems from increased property tax collections for the year and an increase on investments earnings.
- Expenditures also increased, the operating transfers to the parks fund to cover their operations was more and capital outlay also increased.

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

Net position of the Water, Wastewater, Sanitation, and Fiber Optic Funds at September 30, 2019, amounted to \$16,883,483. The total increase in net position for the funds including the internal services fund was \$3,427,105. 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 amended the 2018 - 2019 Governmental Fund budget in the General, Streets, and Sanitation funds.

	Budgeted	Expended
General Government	1,653,738	1,464,842
Enforcement	1,618,427	1,602,667
Fire	1,042,220	1,003,833
Building	449,796	444,519
Parks and Recreation	985,984	576,081
Sanitation	1,327,797	877,450
Wastewater	3,466,337	1,778,198
Street	2,157,706	1,656,355
Water	5,871,324	2,141,996
Technology	584,055	567,025
Fiber optic	2,790,766	355,395
Fiber optic LID	7,983	905,534
Total expenditures	21,956,133	13,373,895

The General Government category includes transfers but excludes the budgetary expense category for interest transferred to the various funds based on the cash allocation of those funds as this is reflected in revenues. The budgeted amounts exclude capital items in the proprietary funds. The expended funds are less than the budgetary funds in the Fiber Optic Department because infrastructure and other expenditures related to the new Fiber Optic LIDs were initially budgeted to be spent but were later moved into their own fund for better tracking. The expended funds in the Fire Department are lower than budget because of grants that were applied for, but not received. The Street Fund expended less funds than were budgeted because the street projects that were planned for 2019 were delayed to future years. The Parks Department did not expend a portion of what was budgeted to them, choosing instead to wait on certain expenditures, thus they underspent compared with their budget.



# City of Ammon, Idaho

## Management's Discussion and Analysis

September 30, 2019

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### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$46,359,644 (net of accumulated depreciation.) Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, and when applicable, construction in process.

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

Major capital transactions/events during the year were:

- Ammon was awarded a grant from Local Highway Technical Assistance Council (LHTAC) for the signalization of the Sunnyside/Ammon intersection for \$697,000.
- Ammon received a \$50,000 donation from Idaho Central Credit Union for tennis courts rehabilitation in McCowin Park.
- After years of planning, research, and public outreach, in April 2019 Ammon transitioned from residential non-metered water, to metered water. The rate is \$30 for the base and \$1/thousand gallons. 805 new meters were installed.
- Ammon contracted with Eagle Rock Sanitation to service the businesses and dumpster accounts. Ammon purchased a new residential sanitation truck.
- One new Lighting District was added, we now have a total of ten Lighting Districts.
- Fiber Local Improvement District (LID) # 3 includes Jennie Jean Estates, Centennial Ranch, Hawks Landing division one, and Bridgewater. There are 283 participating properties, passing a total of 507 properties.
- There are approximately 580 homes connected on the fiber.
- The City added a "Welcome to Ammon" sign at the corner of 1<sup>st</sup> St and 25<sup>th</sup> East (Hitt Road).
- Organized the Ammon Traffic Commission and implemented regular meetings (accompanying successes include: moving troublesome mailbox, striping bike lanes, traffic studies throughout the city, resolution of parking issues, and more responsive to community needs.)
- Construction of new parking and circulation areas at McCowin Park.
- Construction of a walking path at Quail Ridge Park.
- Reorganization of the administrative offices, resulting in creation of the Finance Department and hiring a Human Resources Director.

**Debt Administration.** The City continued repaying the revenue bond on the water and paid \$650,223 of principal during the year. The City continued repaying the revenue bond on the wastewater and paid \$572,825 of principal during the year.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Ammon is continuing to build and strengthen its tax base and economy not only by expanding existing businesses, but by attracting new businesses and residents with the new fiber utility. New home construction is increasing and the City is optimistic that new subdivisions will bring new businesses and residents. Because of sound financial planning, good judgment, and restraint, City leadership has positioned itself to be able to continue to provide quality services as well as continue to work on planned capital improvements. In short, we are optimistic in our economic outlook for 2020.

# City of Ammon, Idaho

## Management's Discussion and Analysis

*September 30, 2019*

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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. The City also has a Lighting District #1 in Hawkes Landing, with minimal activity that started in 2009. Lighting District #2, in the Bridgewater subdivision, started in 2014. Lighting District #3 – Woodland Hills Division 8, and successive divisions thereafter, and Lighting District #4 – Highland Springs subdivision were added in 2016. Lighting District # 5 – 1<sup>st</sup> Street Community, Lighting District # 6 – Granite Creek, and Lighting District # 7 – Bridgewater Divisions 5 and 6 were added in 2017. Lighting District #8 – Mountain Bend Estates, Lighting District #9 – Olsen Park were added in 2018, and Lighting District #10 – Hawks Landing Division #2 was added in 2019. The Lighting Districts have minimal activity, each district pays for the lighting services for their individual neighborhoods and therefore the City has elected not to include them in the financial statements.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jennifer Belfield, Finance Director, City of Ammon, 2135 South Ammon Road, Ammon, ID 83406.



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ammon, Idaho (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ammon, Idaho as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and budgetary comparison information and required supplementary information on pages 1 through 8 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP  
Idaho Falls, Idaho

February 27, 2020

# City of Ammon, Idaho

## Government-wide Statement of Net Position

September 30, 2019

	Primary Government			Component Unit
	Governmental	Business-type	Total	
	Activities	Activities		
<b>ASSETS</b>				
Cash and investments	11,163,944	17,066,292	28,230,236	130,198
Receivables				
Property taxes	86,953		86,953	
Intergovernmental	539,171		539,171	
Accounts receivable		1,132,938	1,132,938	
Other	1,384,759		1,384,759	
Internal balances	323,033	176,967	500,000	
Inventory		120,774	120,774	
Prepaid insurance	13,418		13,418	
Capital assets				
Nondepreciable assets	1,646,385	540,398	2,186,783	
Depreciable assets, net	15,656,710	28,516,151	44,172,861	
Total assets	30,814,373	47,553,520	78,367,893	130,198
<b>Deferred Outflows of Resources</b>				
Related to pensions	108,737	109,786	218,523	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,476,275		1,476,275	361
Accrued salaries and benefits	158,860	75,219	234,079	
Deposits payable	900		900	
Compensated absences	98,092		98,092	
Customer deposits		98,415	98,415	
Connection payable		600,600	600,600	
Accrued interest	30,655	365,579	396,234	
Refundable advance	238,271		238,271	
Noncurrent liabilities				
Pension plan payable	594,101	286,044	880,145	
Interfund loan		500,000	500,000	
Due within one year	18,057	1,308,349	1,326,406	
Due in more than one year	579,010	27,237,738	27,816,748	6,648,048
Total liabilities	3,194,221	30,471,944	33,666,165	6,648,409
<b>Deferred Inflows of Resources</b>				
Related to pensions	272,657	130,912	403,569	
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	16,724,085	12,916,811	29,640,896	
Restricted				
East Hills	15,317		15,317	
Development commitments	125,650		125,650	
Unspent grants	238,271		238,271	
Debt services		2,023,825	2,023,825	2
Unrestricted	10,352,909	2,119,814	12,472,723	(6,518,213)
Total net position (deficit)	27,456,232	17,060,450	44,516,682	(6,518,211)

The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

## Statement of Activities

For the Year Ended September 30, 2019

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
<b>Governmental activities</b>								
General government	1,383,408	61,423			(1,321,985)		(1,321,985)	
Law enforcement	1,602,667	16,155			(1,586,512)		(1,586,512)	
Fire protection	1,269,678	21,340		157,495	(1,090,843)		(1,090,843)	
Planning and zoning	68,044	44,204			(23,840)		(23,840)	
Engineering	36,275				(36,275)		(36,275)	
Building	423,300	604,453			181,153		181,153	
Parks	395,768	2,500	50,000		(343,268)		(343,268)	
Recreation	23,691	29,504			5,813		5,813	
Pool	165,174	136,902			(28,272)		(28,272)	
Highway and streets	2,186,505	9,200	756,895	458,729	(961,681)		(961,681)	
Fiber optic LID	905,534				(905,534)		(905,534)	
Capital outlay	2,909				(2,909)		(2,909)	
<b>Total governmental activities</b>	<b>8,462,953</b>	<b>925,681</b>	<b>806,895</b>	<b>616,224</b>	<b>(6,114,153)</b>	<b>0</b>	<b>(6,114,153)</b>	<b>0</b>
<b>Business-type activities</b>								
Water	2,431,343	3,828,264				1,396,921	1,396,921	
Wastewater	2,209,588	3,645,509				1,435,921	1,435,921	
Sanitation	876,893	758,234				(118,659)	(118,659)	
Fiber optic	355,395	324,688		47,013		16,306	16,306	
<b>Total business-type activities</b>	<b>5,873,219</b>	<b>8,556,695</b>	<b>0</b>	<b>47,013</b>	<b>0</b>	<b>2,730,489</b>	<b>2,730,489</b>	
<b>Total primary government</b>	<b>14,336,172</b>	<b>9,482,376</b>	<b>806,895</b>	<b>663,237</b>	<b>(6,114,153)</b>	<b>2,730,489</b>	<b>(3,383,664)</b>	
<b>Component unit</b>	<b>538,479</b>	<b>0</b>	<b>0</b>	<b>0</b>				<b>(538,479)</b>
<b>General revenues</b>								
Property taxes					2,775,416		2,775,416	232,079
LID assessments					685,165		685,165	
Franchise fees					439,042		439,042	
Intergovernmental revenues					1,760,974		1,760,974	
Other revenue					185,131	181,724	366,855	
Earnings on investments					445,166	514,892	960,058	1,077
<b>Total general revenues</b>					<b>6,290,894</b>	<b>696,616</b>	<b>6,987,510</b>	<b>233,156</b>
<b>Change in net position</b>					<b>176,741</b>	<b>3,427,105</b>	<b>3,603,846</b>	<b>(305,323)</b>
<b>Net position (deficit) - beginning</b>					<b>27,279,491</b>	<b>13,633,345</b>	<b>40,912,836</b>	<b>(6,212,888)</b>
<b>Net position (deficit) - ending</b>					<b>27,456,232</b>	<b>17,060,450</b>	<b>44,516,682</b>	<b>(6,518,211)</b>

The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

## Balance Sheet

### Governmental Funds

September 30, 2019

	General	Street	Non-major Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash	2,299,774		369,842	2,669,616
Investments	6,902,358	1,460,482		8,362,840
Receivables				
Property taxes	86,953			86,953
Intergovernmental	339,341	199,615	215	539,171
Interfund	1,764,956			1,764,956
Other	65,674	39,377	1,279,708	1,384,759
Prepaid expenses	13,418			13,418
<b>Total assets</b>	<b>11,472,474</b>	<b>1,699,474</b>	<b>1,649,765</b>	<b>14,821,713</b>
<b>LIABILITIES</b>				
Accounts payable	1,350,625	125,650		1,476,275
Accrued salaries and benefits	71,335	7,237	54,257	132,829
Accrued interest payable			30,655	30,655
Deposits payable	900			900
Due to other funds			1,264,956	1,264,956
Refundable advance		238,271		238,271
<b>Total liabilities</b>	<b>1,422,860</b>	<b>371,158</b>	<b>1,349,868</b>	<b>3,143,886</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	72,335		1,183,450	1,255,785
<b>FUND BALANCE</b>				
Nonspendable				
Prepaid expenses	13,418			13,418
Restricted for				
East Hill	15,317			15,317
Development commitments		125,650		125,650
Grant expenditures		238,271		238,271
Committed for				
Street projects		964,395		964,395
Assigned for				
Asset replacement			77,630	77,630
Fire department	293,544			293,544
Unassigned	9,655,000		(961,183)	8,693,817
<b>Total fund balances</b>	<b>9,977,279</b>	<b>1,328,316</b>	<b>(883,553)</b>	<b>10,422,042</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>11,472,474</b>	<b>1,699,474</b>	<b>1,649,765</b>	<b>14,821,713</b>

The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

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

September 30, 2019

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Total fund balances - governmental funds	10,422,042
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Amounts reported for governmental activities in the statement of net position are different due to the following items:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of the assets excluding the internal service fund is \$50,229,671 and the accumulated depreciation is \$33,097,281. 17,132,390

Property taxes receivable and LID assessments will be collected but are not available soon enough to pay for the current period's expenditures, and therefore are shown as unavailable in the funds. 1,255,785

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

Compensated absences	(98,092)	
Note payable	(570,000)	
Premium on note payable	<u>(27,067)</u>	
		(695,159)

The net pension liability and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position: Net pension liability is \$594,101, deferred inflows of resources related to pensions is \$272,657 and deferred outflows of resources related to pensions is \$108,737. (758,021)

Internal service funds are used by management to charge the costs of information technology to individual funds. The governmental portion of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 99,195

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Total net position - governmental activities	27,456,232
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The accompanying notes are an integral part of this statement.



# City of Ammon, Idaho

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

*For the Year Ended September 30, 2019*

	General	Street	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	2,780,306			2,780,306
Franchise fees	165,783	273,259		439,042
Licenses and permits	98,918		604,453	703,371
LID assessments			161,578	161,578
Intergovernmental revenue	1,760,974	756,895		2,517,869
Penalty and charges				
Planning	44,204			44,204
Recreation fees			166,406	166,406
Earnings on investments	319,560	73,266	52,340	445,166
Grants and donations	157,495	458,729		616,224
Miscellaneous revenue	103,138	59,513	84,180	246,831
<b>Total revenues</b>	<b>5,430,378</b>	<b>1,621,662</b>	<b>1,068,957</b>	<b>8,120,997</b>
<b>EXPENDITURES</b>				
General government	1,261,380			1,261,380
Law enforcement	1,602,667			1,602,667
Fire protection	1,003,833			1,003,833
Planning and zoning	68,044			68,044
Engineering	36,275			36,275
Building			444,519	444,519
Parks			387,216	387,216
Recreation			23,691	23,691
Pool			165,174	165,174
Highway and streets		1,656,355		1,656,355
Fiber optic LID			905,534	905,534
Capital outlay	99,143			99,143
<b>Total expenditures</b>	<b>4,071,342</b>	<b>1,656,355</b>	<b>1,926,134</b>	<b>7,653,831</b>
Revenues over (under) expenditures	1,359,036	(34,693)	(857,177)	467,166
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from note issued			570,000	570,000
Premium on note issued			27,067	27,067
Operating transfers	(425,827)		425,827	0
<b>Total other financing sources (uses)</b>	<b>(425,827)</b>		<b>1,022,894</b>	<b>597,067</b>
Revenues and other financing sources over (under) expenditures	933,209	(34,693)	165,717	1,064,233
Fund balance (deficit) at October 1, 2018	9,044,070	1,363,009	(1,049,270)	9,357,809
Fund balance (deficit) at September 30, 2019	9,977,279	1,328,316	(883,553)	10,422,042

The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

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

September 30, 2019

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Total net change in fund balances - governmental funds	1,064,233
Amounts reported for governmental activities in the statement of activities are different due to the following:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(650,316)
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.	518,697
In the Statement of Activities, certain operating expenses - compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year vacation leave earned exceeded vacation leave used by this amount.	(33,093)
The net effect of various miscellaneous transaction involving capital assets (i.e., sales and donations) is to increase net assets.	(55,371)
The pension benefits are reported in the governmental funds when paid but in the Statement of Activities when earned. The change in the pension liability is (\$115,119). The change in deferred outflows of resources related to pensions is \$30,445. The change in deferred inflows of resources related to pensions is \$157,088.	(72,414)
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.	(597,067)
Internal service funds are used by management to charge the costs of information technology to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	2,072
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Total change in net position - governmental activities	176,741

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The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

## Statement of Net Position

### Proprietary Funds

September 30, 2019

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Wastewater	Sanitation	Nonmajor Fiber Optic	Total	Internal Service Funds
<b>ASSETS</b>						
Current assets						
Investments	5,063,959	8,760,937	2,871,427	369,969	17,066,292	131,488
Accounts receivable	470,153	568,343	45,326	49,116	1,132,938	
Inventory				120,774	120,774	
Total current assets	5,534,112	9,329,280	2,916,753	539,859	18,320,004	131,488
Non-current assets						
Nondepreciable capital assets	540,398				540,398	
Depreciable capital assets	20,314,934	6,630,857	371,074	1,199,286	28,516,151	170,705
Net of accumulated depreciation	20,855,332	6,630,857	371,074	1,199,286	29,056,549	170,705
Total assets	26,389,444	15,960,137	3,287,827	1,739,145	47,376,553	302,193
<b>Deferred Outflows of Resources</b>						
Related to pensions	37,435	34,446	37,639	266	109,786	
<b>LIABILITIES</b>						
Current						
Accrued salaries and benefits	29,210	16,263	17,635	12,111	75,219	26,031
Accrued interest payable	146,150	219,449		(20)	365,579	
Connection payable		600,600			600,600	
Customer deposits	93,675	1,500	3,240		98,415	
Notes payable-current	877,408	430,941			1,308,349	
Total current liabilities	1,146,443	1,268,753	20,875	12,091	2,448,162	26,031
Noncurrent						
Pension plan payable	99,222	84,655	101,096	1,071	286,044	
Interfund loan payable				500,000	500,000	
Notes payable	8,631,473	18,606,265			27,237,738	
Long-term debt	8,730,695	18,690,920	101,096	501,071	28,023,782	
Total liabilities	9,877,138	19,959,673	121,971	513,162	30,471,944	26,031
<b>Deferred Inflows of Resources</b>						
Related to pensions	55,331	39,803	35,288	490	130,912	
<b>NET POSITION</b>						
Net investment in capital assets	11,346,451		371,074	1,199,286	12,916,811	
Restricted	955,302	1,068,523			2,023,825	
Unrestricted	4,192,657	(5,073,416)	2,797,133	26,473	1,942,847	276,162
Total net position (deficit)	16,494,410	(4,004,893)	3,168,207	1,225,759	16,883,483	276,162
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					176,967	
Net position of business-type activities					17,060,450	

The accompanying notes are an integral part of this statement.

**City of Ammon, Idaho**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
*For the Year Ended September 30, 2019*

	Business-type Activities Enterprise Funds					Governmental Activities
	Water	Wastewater	Sanitation	Nonmajor (Fiber Optic)	Total	Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	3,212,448	3,269,038	758,234	314,114	7,553,834	556,977
Connection fees	551,030	326,300			877,330	
Penalties	41,917			70	41,987	
Miscellaneous	22,869	50,171		10,504	83,544	498
<b>Total operating revenues</b>	<b>3,828,264</b>	<b>3,645,509</b>	<b>758,234</b>	<b>324,688</b>	<b>8,556,695</b>	<b>557,475</b>
<b>OPERATING EXPENSES</b>						
Power	320,698	10,295			330,993	
Treatment		757,943			757,943	
Operation and maintenance	745,567	372,004	439,473	195,006	1,752,050	261,437
Salaries and benefits	431,023	336,826	279,596	100,255	1,147,700	274,541
Depreciation	644,708	301,130	158,381	60,134	1,164,353	31,047
<b>Total operating expenses</b>	<b>2,141,996</b>	<b>1,778,198</b>	<b>877,450</b>	<b>355,395</b>	<b>5,153,039</b>	<b>567,025</b>
Income (loss) from operations	1,686,268	1,867,311	(119,216)	(30,707)	3,403,656	(9,550)
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Grants				47,013	47,013	
Earnings on investments	153,952	268,261	92,679		514,892	14,632
Interest expense	(290,911)	(432,279)			(723,190)	
Net proceeds from discontinued operations			181,724		181,724	
<b>Total non-operating revenues (expenses)</b>	<b>(136,959)</b>	<b>(164,018)</b>	<b>274,403</b>	<b>47,013</b>	<b>20,439</b>	<b>14,632</b>
Change in net position	1,549,309	1,703,293	155,187	16,306	3,424,095	5,082
Net position at October 1, 2018	14,945,101	(5,708,186)	3,013,020	1,209,453	13,459,388	271,080
Net position at September 30, 2019	16,494,410	(4,004,893)	3,168,207	1,225,759	16,883,483	276,162
Change in net position - enterprise funds					3,424,095	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					3,010	
<b>Change in net position of business-type activities</b>					<b>3,427,105</b>	

The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

## Statements of Cash Flows

### Proprietary Funds

For the Year Ended September 30, 2019

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Wastewater	Sanitation	Nonmajor (Fiber Optic)	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	3,489,896	3,170,623	815,710	351,546	7,827,775	557,475
Cash payments to suppliers for goods and services	(1,066,265)	(1,140,242)	(439,473)	(315,780)	(2,961,760)	(261,437)
Cash payments to employees for services provided	(400,631)	(325,942)	(269,486)	(108,458)	(1,104,517)	(263,305)
Net cash flows provided (used) by operating activities	2,023,000	1,704,439	106,751	(72,692)	3,761,498	32,733
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of property, plant, and equipment	(859,037)	(46,330)	(362,645)	(173,194)	(1,441,206)	(26,119)
Interest paid on long-term debt	(305,080)	(495,698)		(20)	(800,798)	
Payments on (proceeds from) long-term debt	(650,223)	(572,825)		500,000	(723,048)	
Proceeds from the sale of capital assets			356,250		356,250	
Net cash flows provided (used) by capital and related financing activities	(1,814,340)	(1,114,853)	(6,395)	326,786	(2,608,802)	(26,119)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Sale (purchase) of investments	(362,612)	(857,847)	(193,035)	(254,094)	(1,667,588)	(21,246)
Interest income	153,952	268,261	92,679		514,892	14,632
Net cash flows provided (used) by investing activities	(208,660)	(589,586)	(100,356)	(254,094)	(1,152,696)	(6,614)
Net increase (decrease) in cash and cash equivalents	0	0	0	0	0	0
Cash and cash equivalents at beginning of year	0	0	0	0	0	0
Cash and cash equivalents at end of year	0	0	0	0	0	0

The accompanying notes are an integral part of this statement.

# City of Ammon, Idaho

## Statements of Cash Flows

### Proprietary Funds

*For the Year Ended September 30, 2019*

	Business-type Activities Enterprise Funds				Governmental Activities	
	Water	Wastewater	Sanitation	Nonmajor (Fiber Optic)	Total	Internal Service Funds
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Income (loss) from operations	1,686,268	1,867,311	(119,216)	(30,707)	3,403,656	(9,550)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Grants reported as non-operating revenue				47,013	47,013	
Depreciation	644,708	301,130	158,381	60,134	1,164,353	31,047
Decrease (increase) in accounts receivable	(343,168)	(274,936)	57,656	(20,155)	(580,603)	
Decrease (increase) in inventory				(120,774)	(120,774)	
Increase (decrease) in accrued liabilities	22,257	4,344	4,558	3,587	34,746	11,236
Increase (decrease) in connection payable		(200,200)			(200,200)	
Increase (decrease) in customer deposits	4,800	250	(180)		4,870	
Change due to GASB 68	8,135	6,540	5,552	(11,790)	8,437	
<b>Net cash flows provided (used) by operating activities</b>	<b>2,023,000</b>	<b>1,704,439</b>	<b>106,751</b>	<b>(72,692)</b>	<b>3,761,498</b>	<b>32,733</b>

The accompanying notes are an integral part of this 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, proprietary, and fiduciary—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.

The City has five nonmajor governmental funds. These include the Building Fund, Parks & Recreation Fund, and Lighting Districts #1, #2, and #3.

#### Proprietary Fund Types

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

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

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

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

The City has one nonmajor proprietary fund.

**Fiber Optic Fund** – This fund accounts for the operations of the City's fiber optic system. All costs will be financed through charges to fiber optic customers, or as an inter-entity service provided to the Water and General Funds.

Additionally, the City reports the following fund type:

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

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

# City of Ammon

## Notes to Financial Statements

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

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

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

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

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

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

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

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

# City of Ammon

## Notes to Financial Statements

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

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

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

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

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

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

#### **Budgetary Control**

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

Encumbrances represent commitments related to unperformed contracts for goods or services. The City did not have any encumbrances at September 30, 2019.

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

#### **Cash and Investments**

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

# City of Ammon

## Notes to Financial Statements

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

#### Fair Value Measurements

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

Level 1, defined as observable inputs such as quoted market prices in active markets;

Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and

Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

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

#### Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Prepaid items represent payments made by the City for which benefits extend beyond September 30, 2019. The costs of governmental fund type inventory and prepaid items are recorded as expenditures when purchased.

#### Receivables

Property taxes are recognized as revenue in the period for which the taxes are levied. The tax levy is used to finance operations of the City's fiscal year ended September 30, 2019. 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, 2019 are considered available to pay current liabilities. Amounts not collected are deferred and recognized when they become available to the City.

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

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

#### Capital Assets

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

# City of Ammon

## Notes to Financial Statements

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

#### Capital Assets (Continued)

Donated capital assets are recorded at estimated fair value at the date of donation. Renewals and betterments are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. The City did not receive any donated fixed assets for the year ended September 30, 2019.

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

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

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

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

#### Compensated Absences

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

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

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

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

#### Long-Term Obligations

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

# City of Ammon

## Notes to Financial Statements

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

#### **Long-Term Obligations (Continued)**

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

#### **Deferred Outflows/Inflows of Resources**

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

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions in the government-wide statement of net position.

#### **Pension Plan**

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

#### **Net Position**

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

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

# City of Ammon

## Notes to Financial Statements

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

#### Fund Balances

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

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

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

*Committed fund balance:* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Board – the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Board 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 Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

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

#### Risk Management

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

# City of Ammon

## Notes to Financial Statements

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

#### Use of Estimates

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

#### Subsequent Events

The City has evaluated subsequent events through February 27, 2020, which is the date the financial statements were available to be issued. There were no subsequent-type events required to be disclosed.

### Note 2: Cash and Investments

#### Deposits with Financial Institutions

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has reduced its concentration of credit risk by using several financial institutions. The formal policy as of September 30, 2019 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2019, \$2,709,864, including the money market and LGIP, 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 \$25,221,114 and the fair value was \$25,221,114. The amount not covered by insurance was \$14,491,570.

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

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

The City invests in the Diversified Bond Fund (DBF) through the Idaho State Treasurer. Amounts held by the DBF were held in the following investments: corporate securities, mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, U.S. Government agency securities, U.S. Treasury securities money market funds, and accrued interest. The City had \$108,315 invested in the DBF at September 30, 2019.



# City of Ammon

## Notes to Financial Statements

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

The investments held by the DBF are carried at fair value (determined by the Idaho State Treasurer's office). These investments are subject to risk from market and rate fluctuations. The weighted average duration was 3.42 years at September 30, 2019.

The City's investment accounts, including government agencies, commercial paper, corporate bonds, certificates of deposit, and money market funds, are held with Moreton Asset Management. The money market funds are included as cash in the financial statements. The weighted average duration was 1.38 years. As of September 30, 2019, the City had the following investments held with Moreton Asset Management showing the distribution by maturity and rating:

Investment Type	Remaining Maturity (in Years)			Total Fair Value	Rating
	12 Months or Less	1-5 Years	5-10 Years		
State DBF Fund	\$ -	108,315		\$ 108,315	AAA
Corporate Bonds	\$ 3,731,960	6,464,781		10,196,741	AA-/A+/A/A-/BBB+
Agency Bonds	\$ 1,050,224	3,136,291		4,186,515	AAA
Certificates of Deposit	922,210	9,807,333		10,729,543	NA/NR/A-1+/A-2/A-3/D
<b>Total Investments</b>	<b>5,704,394</b>	<b>19,516,720</b>		<b>- \$ 25,221,114</b>	

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

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

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

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

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

# City of Ammon

## Notes to Financial Statements

### Note 3: Capital Assets

Capital asset balances and activity for the year ended September 30, 2019, were as follows:

<b>Governmental Activities:</b>	<b>Balance 09/30/18</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Balance 09/30/19</b>
Capital assets, not being depreciated:				
Land	918,686	-	-	918,686
Construction in progress	2,501	727,699	(2,501)	727,699
<b>Total capital assets, not being depreciated</b>	<b>\$ 921,187</b>	<b>\$ 727,699</b>	<b>\$ (2,501)</b>	<b>\$ 1,646,385</b>
Capital assets, being depreciated:				
Buildings and improvements	2,787,742	81,345	-	2,869,087
Infrastructure	41,935,849	26,331	2,501	41,964,681
Machinery and equipment	4,086,630	343,590	(289,682)	4,140,538
<b>Total capital assets, being depreciated</b>	<b>48,810,221</b>	<b>451,266</b>	<b>(287,181)</b>	<b>48,974,306</b>
Accumulated depreciation:				
Buildings and improvements	(1,215,554)	(105,571)	-	(1,321,125)
Infrastructure	(28,174,238)	(1,275,076)	-	(29,449,314)
Machinery and equipment	(2,327,902)	(296,941)	77,686	(2,547,157)
<b>Total accumulated depreciation</b>	<b>(31,717,694)</b>	<b>(1,677,588)</b>	<b>77,686</b>	<b>(33,317,596)</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 17,092,527</b>	<b>\$ (1,226,322)</b>	<b>\$ (209,495)</b>	<b>\$ 15,656,710</b>
<b>Governmental activities capital assets, net</b>	<b>18,013,714</b>	<b>(498,623)</b>	<b>(211,996)</b>	<b>17,303,095</b>

# City of Ammon

## Notes to Financial Statements

### Note 3: Capital Assets (Continued)

<b>Business-type Activities:</b>	<b>Balance 09/30/18</b>	<b>Increases</b>	<b>Decreases and Transfers</b>	<b>Balance 09/30/19</b>
Capital assets, not being depreciated:				
Land and water rights	414,826	-	-	414,826
Construction in progress	42,458	125,572	(42,458)	125,572
<b>Total capital assets, not being depreciated</b>	<b>\$ 457,284</b>	<b>\$ 125,572</b>	<b>\$ (42,458)</b>	<b>\$ 540,398</b>
Capital assets, being depreciated:				
Buildings and improvements	8,371,617	12,514	-	8,384,131
Infrastructure	26,670,095	838,863	-	27,508,958
Machinery and equipment	5,697,174	506,715	(502,368)	5,701,521
<b>Total capital assets, being depreciated</b>	<b>40,738,886</b>	<b>1,358,092</b>	<b>(502,368)</b>	<b>41,594,610</b>
Accumulated depreciation:				
Buildings and improvements	(2,379,496)	(247,885)	-	(2,627,381)
Infrastructure	(6,695,104)	(508,209)	-	(7,203,313)
Machinery and equipment	(3,167,348)	(408,259)	327,842	(3,247,765)
<b>Total accumulated depreciation</b>	<b>(12,241,948)</b>	<b>(1,164,353)</b>	<b>327,842</b>	<b>(13,078,459)</b>
<b>Total capital assets, being depreciated, net</b>	<b>\$ 28,496,938</b>	<b>\$ 193,739</b>	<b>\$ (174,526)</b>	<b>\$ 28,516,151</b>
<b>Business-type activities capital assets, net</b>	<b>28,954,222</b>	<b>319,311</b>	<b>(216,984)</b>	<b>29,056,549</b>

Depreciation expense was charged to the governmental functions as follows:

<b>Governmental activities:</b>	
General government	32,939
Fire protection	136,633
Building	3,780
Parks and recreation	70,631
Highway and streets	1,401,688
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	31,917
<b>Total depreciation expense, governmental activities</b>	<b>1,677,588</b>
<b>Business-Type activities:</b>	
Water	644,708
Wastewater	301,130
Sanitation	158,381
Fiber Optic	60,134
<b>Total depreciation expense, business-type activities</b>	<b>1,164,353</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, 2019, it was 6.79% and 8.36% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees and 11.66% for police and firefighters. Beginning July 1, 2019, these rates were increased to 11.94% for general employees and 12.28% for police and fire fighters. The City's contributions were \$307,130 for the year ended September 30, 2019.

# City of Ammon

## Notes to Financial Statements

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### Note 4: Pension Plan (Continued)

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

At September 30, 2019, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2019, the City's proportion was .0771061 percent.

For the year ended September 30, 2019, the City recognized pension expense of \$387,981. At September 30, 2019, 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	\$ 81,796	\$ 299,840
Changes in assumptions or other inputs	48,959	-
Net difference between projected and actual earnings on pension plan investments	-	103,729
City contributions subsequent to the measurement date	87,768	-
Total	\$ 218,523	\$ 403,569

\$87,768 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2020.

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

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>		
2020	\$	(31,693)
2021		(135,782)
2022		(66,142)
2023	\$	(39,197)

# 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 in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

An experience study was performed for the period July 1, 2013, through June 30, 2017, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2019, is based on the results of an actuarial valuation date of July 1, 2019.

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

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

# City of Ammon

## Notes to Financial Statements

### Note 4: Pension Plan (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

<b>Asset Class</b>	<b>Expected Return *</b>	<b>Expected Risk</b>	<b>Strategic Normal</b>	<b>Strategic Ranges</b>
Equities	- %	- %	70.00 %	66%-77%
Broad Domestic Equity	9.15	19.00	55.00	50%-65%
International	9.25	20.20	15.00	10%-20%
Fixed Income	3.05	3.75	30.00	23%-33%
Cash	2.25	0.90	-	0%-5%

<b>Total Fund</b>	<b>Expected Return *</b>	<b>Expected Inflation</b>	<b>Expected Real Return</b>	<b>Expected Risk</b>
Actuary	7.00 %	3.25 %	3.75 %	N/A
Portfolio	6.58	2.25	4.33	12.67%

\*Expected arithmetic return net of fees and expenses

#### Actuarial Assumptions

Assumed Inflation - Mean	3.25 %
Assumed Inflation - Standard Deviation	2.00 %
Portfolio Arithmetic Mean Return	8.42 %
Portfolio Long-Term Expected Geometric Rate of Return	7.50 %
Assumed Investment Expenses	0.40 %

Long-Term Expected Geometric Rate of return, Net of Investment Expenses	7.05%
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#### Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

# City of Ammon

## Notes to Financial Statements

### Note 4: Pension Plan (Continued)

	1% Decrease (6.05%)	1% Decrease (7.05%)	1% Decrease (8.05%)
Employer's proportionate share of the net pension liability (asset) \$	2,658,376	\$ 880,145	\$ (590,396)

#### *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, 2019, 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, 2019, are as follows:

Fund	Receivable	Payable
General Fund	1,764,956	-
LID #1 Fund	-	639,180
LID #2 Fund	-	52,377
LID #3 Fund	-	573,399
Fiber optic fund	-	500,000
Total	1,764,956	1,764,956

The City loaned funds to support the creation and infrastructure for the LID funds until the loans can be converted into bonds or are repaid. The General fund also loaned money to the Fiber optic fund to cover infrastructure costs that will be reimbursed as additional users are brought onto the system. No repayment terms have been set for these repayments as of the date of these financials.

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, 2019, were as follows:

Fund	Transfer In	Transfer Out
Major fund -		
General fund	-	425,827
Parks and recreation	425,827	-
Total	425,827	425,827

All transfers were made to assist cash flows within the City.



# City of Ammon

## Notes to Financial Statements

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### Note 6: Lease Agreements

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

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

### Note 7: Long-Term Obligations

*Compensated Absences* - The City's benefits include a provision for compensated absences. The liability for this benefit is liquidated by the fund in which the employee is paid from. The following is a summary of the changes in long-term obligations for the year ended September 30, 2019 for the governmental activities:

	Balance at October 1, 2018	Additions	Payments	Balance at September 30, 2019
Compensated absences	64,999	33,093	-	98,092

#### Governmental Funds:

The City entered into a \$570,000 bond through Neighborly Securities, Inc. on November 9, 2018. The bond 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. The following is a schedule of principal and interest payments on long-term debt to maturity:

Year Ended September 30,	Principal	Interest	Total	Premium
2020	17,238	28,500	\$ 45,738	\$ 819
2021	18,100	27,638	45,738	860
2022	19,005	26,733	45,738	902
2023	19,955	25,783	45,738	948
2024	20,953	24,785	45,738	995
2025 - 2029	121,569	107,122	228,691	5,773
2030 - 2034	155,156	73,535	228,691	7,368
2035 - 2039	198,024	30,667	228,691	9,402
Total	570,000	344,763	\$ 914,763	\$ 27,067

#### Business-Type Enterprise Funds:

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

The City entered into a \$15,000,000 loan with the Department of Environmental Quality (DEQ) to fund the City's

# City of Ammon

## Notes to Financial Statements

### Note 7: Long-Term Obligations (Continued)

portion of the regionalization project (Eastern Idaho Regional Wastewater Authority) on April 24, 2008. The loan has been increased to \$25,000,000 as confirmed by judicial review. This loan was closed for \$23,213,934 on April 24, 2013, and the City began repaying the loan.

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

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 1,308,349	\$ 715,475	\$ 2,023,824
2021	1,353,511	670,313	2,023,824
2022	1,389,419	634,405	2,023,824
2023	1,426,300	597,524	2,023,824
2024	1,462,673	561,151	2,023,824
2025 - 2029	7,924,750	2,194,370	10,119,120
2030 - 2034	5,979,288	1,197,193	7,176,481
2035 - 2039	4,709,193	633,417	5,342,610
2040 - 2042	2,992,604	116,459	3,109,063
Total	\$ 28,546,087	\$ 7,320,307	\$ 35,866,394

Following is a summary of the changes in long-term debt for the year ended September 30, 2019 as follows:

Governmental activities:	Beginning Balance October 1, 2018	Increase	Decrease	Ending Balance September 30, 2019	Amounts Due Within One Year
Special Assessment Bond	\$ -	\$ 570,000	\$ -	\$ 570,000	\$ 17,238
Premium on Assessment Bond	\$ -	\$ 27,067	\$ -	\$ 27,067	\$ 819
Revenue Bond - Water	10,159,104	-	(650,223)	9,508,881	877,408
Revenue Bond - Sewer	19,610,031	-	(572,825)	19,037,206	430,941
Total	\$ 29,769,135	\$ 597,067	\$ (1,223,048)	\$ 29,143,154	\$ 1,326,406

### Note 8: Deficit Fund Balance

The Fiber Optic Local Improvement District #1 is in a deficit of \$592,009 at September 30, 2019. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic Local Improvement District #2 is in a deficit of \$(433,150) at September 30, 2019. This amount is expected to be repaid through the collections in the LID over time. The Fiber Local Optic Improvement District #3 is in a deficit of \$614,709 at September 30, 2019. This amount is expected to be repaid through the collections in the LID over time. The Wastewater fund is in a deficit of \$5,073,416 at September 30, 2019. This amount is due to the City transferring the interceptor lines to EIRWWA and IBSD while retaining the debt obligation. The deficit will be eliminated as the City repays the bond.

# City of Ammon

## Notes to Financial Statements

### Note 9: Fund Balance

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The City's net position at September 30, 2019 is broken out as follows:

<b>Governmental Funds</b>	General	Street	Non-Major Governmental	Total
Nonspendable				
Prepaid expenses	\$ 13,418	\$ -	\$ -	\$ 13,418
Restricted for:				
East Hills	15,317	-	-	15,317
Development commitments	-	125,650	-	125,650
Grant Expenditures	-	238,271	-	238,271
Committed for:				
Street projects	-	964,395	-	964,395
Assigned For				
Asset replacement	-	-	77,630	77,630
Fire department	293,544	-	-	293,544
Unassigned	9,655,000	-	(961,183)	8,693,817
<b>Total</b>	<b>\$ 9,977,279</b>	<b>\$ 1,328,316</b>	<b>\$ (883,553)</b>	<b>\$ 10,422,042</b>

<b>Business-type Funds</b>	Water	Wastewater	Sanitation	Fiber	Interservice Fund	Total
Nonspendable						
Net investment in capital assets	\$11,346,451	\$ -	\$ 371,074	\$ 1,199,286	\$ -	\$ 12,916,811
Restricted for:						
Bond Reserve	955,302	1,068,523	-	-	-	2,023,825
Unassigned	4,192,651	(5,073,416)	2,797,133	26,473	276,162	2,219,003
<b>Total</b>	<b>\$16,494,404</b>	<b>\$ (4,004,893)</b>	<b>\$ 3,168,207</b>	<b>\$ 1,225,759</b>	<b>\$ 276,162</b>	<b>\$ 17,159,639</b>

As of September 30, 2019, the City had restricted street funds for the following projects:

<i>Projects:</i>	2019
Snowcrest Development	\$ 77,943
Hawk's Landing	47,707
<b>Total</b>	<b>\$ 125,650</b>

# City of Ammon

## Notes to Financial Statements

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### Note 10: Jointly Governed Organization

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

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

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

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

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

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

The costs of the operations of the EIRWWA are being allocated based on the users of the system. Currently, this results in 67% being allocated to the City of Ammon. The City of Ammon paid \$726,474 for flow charges and \$947,100 for the capacity replacement fees the City collected for EIRWWA during the 2018-2019 fiscal year.

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

EIRWWA  
618 E 1250 N  
Shelley, ID 83274

# City of Ammon

## Notes to Financial Statements

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### Note 11: Ammon Urban Renewal Agency

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

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

Cash and Investments. At September 30, 2019, the carrying amount and bank balance of the Agency's deposits was \$130,198. The entire balance was covered by federal depository insurance.

Bonds Payable. The Agency issued \$2,935,000 of Multi-mode Variable Rate Revenue Allocation (Tax Increment) Bonds, Series 1999A in July 1999. The payment on these bonds is interest only, until maturity at August 1, 2024. The interest rate on these bonds is variable. The Agency exercised their optional redemption rights and redeemed \$2,390,000 of these bonds since original issue bringing the principal remaining balance to \$545,000.

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

Notes Payable. On January 28, 1998, the Agency entered into a Limited Recourse Promissory Note (Phase I Note, Series 1997A Project Note) payable in the amount of \$917,150 to CPI / Ammon Limited Partnership. The note bears interest at 9.0%. The principal balance on the note at September 30, 2019, 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, 2019, 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, 2019, was approximately \$5,138,983.

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

	Series 1999A Bonds	Notes Payable
Balance at October 1, 2018	645,000	964,065
Principal payment	100,000	
Balance at September 30, 2019	545,000	964,065

Letter-of-Credit. The Agency entered into an irrevocable direct-pay letter-of-credit dated July 21, 1999, with Wells Fargo Bank in order to secure and facilitate payment of principal and interest on the Series 1999 Bonds (the Bonds). The agreement amount is not to exceed the outstanding principal amount of the Bonds and 45 days' interest calculated at 12% per annum. The letter-of-credit has been extended until August 1, 2020. The letter-of-credit fee is due in advance on August 1 of each year and is equal to 2% of the outstanding principal of the Bonds plus 45 days' interest. The letter-of-credit fees incurred for the year ended September 30, 2019, was \$15,370.

# City of Ammon

## Notes to Financial Statements

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### **Note 11: Ammon Urban Renewal Agency (Continued)**

Economic Dependency. The Agency receives approximately 82% of its tax revenue from three entities.

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

### **Note 12: Discontinued Operations**

During 2019, the City sold the commercial sanitation portion of their operations. The disposition of the commercial sanitation division qualify as a discontinued operation. Revenues and expenditures to the point of sale are included in operations, while the net gain on the sale of associated assets and transfer of the service contract is excluded from continuing operations. The net proceeds from discontinued operations in 2019 includes the sale of property and equipment of \$181,724.

### **Note 13: Potential Litigation Loss**

The City is currently in the process of final negotiations for a general liability claim against the City which would not be covered under their insurance policy. No liability has been recorded based on the requirements of accounting principles generally accepted in the United States which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

## **Required Supplemental Information**

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# City of Ammon, Idaho

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

*For the Year Ended September 30, 2019*

	General			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Property taxes	2,722,657	2,722,657	2,780,306	57,649
Franchise fees	150,000	150,000	165,783	15,783
Licenses and permits	92,300	92,300	98,918	6,618
Intergovernmental revenue	1,662,192	1,662,192	1,760,974	98,782
Other local				0
Planning	3,500	3,500	44,204	40,704
Earnings on investments	131,085	131,085	319,560	188,475
Grants and awards	300,000	300,000	157,495	(142,505)
Miscellaneous revenues	114,725	114,725	103,138	(11,587)
<b>Total revenues</b>	<b>5,176,459</b>	<b>5,176,459</b>	<b>5,430,378</b>	<b>253,919</b>
<b>EXPENDITURES</b>				
General government	1,313,193	1,313,193	1,261,380	51,813
Law enforcement	1,618,427	1,618,427	1,602,667	15,760
Fire protection	1,042,220	1,042,220	1,003,833	38,387
Planning and zoning	67,380	67,380	68,044	(664)
Engineering	78,165	78,165	36,275	41,890
Capital outlay	195,000	195,000	99,143	95,857
<b>Total expenditures</b>	<b>4,314,385</b>	<b>4,314,385</b>	<b>4,071,342</b>	<b>243,043</b>
Revenues over (under) expenditures	862,074	862,074	1,359,036	496,962
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers	(499,035)	(999,035)	(425,827)	573,208
Revenues and other financing sources over (under) expenditures and other uses	<u>363,039</u>	<u>(136,961)</u>	933,209	<u>1,070,170</u>
Fund balance at October 1, 2018			9,044,070	
Fund balance at September 30, 2019			<u>9,977,279</u>	

See Independent Auditor's Report



# City of Ammon, Idaho

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

*For the Year Ended September 30, 2019*

	Street			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Franchise fees	270,000	270,000	273,259	3,259
Intergovernmental revenue	707,914	707,914	756,895	48,981
Earnings on investments	41,367	41,367	73,266	31,899
Grants and donations	350,000	1,047,000	458,729	(588,271)
Miscellaneous revenue	64,800	64,800	59,513	(5,287)
Total revenues	1,434,081	2,131,081	1,621,662	(509,419)
 <b>EXPENDITURES</b>				
Highway and streets	1,460,706	2,157,706	1,656,355	501,351
Total expenditures	1,460,706	2,157,706	1,656,355	501,351
Revenues over (under) expenditures	(26,625)	(26,625)	(34,693)	(8,068)
Revenues and other financing sources over (under) expenditures and other uses	(26,625)	(26,625)	(34,693)	(8,068)
Fund balance at October 1, 2018				1,363,009
Fund balance at September 30, 2019				1,328,316

See Independent Auditor's Report

**City of Ammon, Idaho**  
**Required Supplementary Information**  
*Fiscal Year Ended September 30, 2019*

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Employer's portion of net pension liability	0.07711%	0.07112%	0.06602%	0.06434%	0.06471%
Employers proportionate share of the net pension liability	880,145	1,049,062	1,037,718	1,304,338	852,082
Employer's covered payroll	2,618,938	2,369,811	2,050,530	1,881,846	1,812,412
Employer's proportional share of the net pension liability as a percentage of its covered payroll	33.61%	44.27%	50.61%	69.31%	47.01%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	91.38%

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

Data reported is measured as of June 30, 2019

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutorily required contribution	308,277	268,812	240,568	215,743	206,496
Contributions in relation to the statutorily required contribution	308,277	268,812	240,568	215,743	206,496
Employer's covered payroll	2,678,343	2,354,629	2,117,587	1,898,349	1,816,643
Contributions as a percentage of covered payroll	11.51%	11.42%	11.36%	11.36%	11.63%

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

Data reported is measured as of September 30, 2019

See Independent Auditor's Report

## **Other Information**

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# City of Ammon, Idaho

## Nonmajor Governmental Funds

### Special Revenue Funds

*September 30, 2019*

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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.

#### Parks and Recreation Fund

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

#### Fiber Optic Local Improvement District #1

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

#### Fiber Optic Local Improvement District #2

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

#### Fiber Optic Local Improvement District #3

Fiber Optic LID #3 is used to account for the City's installation of fiber optic in Bridgewater, Centennial Ranch, Jennie Jean Estates, and Hawks Landing Division #1 subdivisions. The installation started during the year ended September 30, 2019, but has not been completed.

See Independent Auditor's Report

# City of Ammon, Idaho

## All Nonmajor Funds

### Combining Balance Sheet

*September 30, 2019*

	Building	Fiber Optic Improvement District #1	Fiber Optic Improvement District #2	Fiber Optic Improvement District #3	Parks & Recreation	All Nonmajor Funds
<b>ASSETS</b>						
Cash	247,715	9,490			112,637	369,842
Other receivables	15,921	661,908	601,879		215	1,279,923
<b>Total assets</b>	<b>263,636</b>	<b>671,398</b>	<b>601,879</b>	<b>0</b>	<b>112,852</b>	<b>1,649,765</b>
<b>LIABILITIES</b>						
Accrued salaries and benefits	8,078			41,310	4,870	54,258
Accrued interest payable		8,239	22,365			30,604
Other payables	50					50
Due to other funds		639,180	52,377	573,399		1,264,956
<b>Total liabilities</b>	<b>8,128</b>	<b>647,419</b>	<b>74,742</b>	<b>614,709</b>	<b>4,870</b>	<b>1,349,868</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues		615,988	567,462			1,183,450
<b>FUND BALANCES</b>						
Assigned	77,630					77,630
Unassigned	177,878	(592,009)	(40,325)	(614,709)	107,982	(961,183)
<b>Total fund balances</b>	<b>255,508</b>	<b>(592,009)</b>	<b>(40,325)</b>	<b>(614,709)</b>	<b>107,982</b>	<b>(883,553)</b>
<b>Total liabilities and fund balances</b>	<b>263,636</b>	<b>671,398</b>	<b>601,879</b>	<b>0</b>	<b>112,852</b>	<b>1,649,765</b>

See Independent Auditor's Report

# City of Ammon, Idaho

## All Nonmajor Funds

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

*For the Year Ended September 30, 2019*

	Building	Fiber Optic Improvement District #1	Fiber Optic Improvement District #2	Fiber Optic Improvement District #3	Parks & Recreation	All Nonmajor Funds
<b>REVENUES</b>						
Licenses and permits	604,453					604,453
LID Assessments		53,853	104,425	3,300		161,578
Recreation fees					166,406	166,406
Earnings on investments	5,836	20,225	26,279			52,340
Miscellaneous revenue	12,106				72,074	84,180
<b>Total revenues</b>	<b>622,395</b>	<b>74,078</b>	<b>130,704</b>	<b>3,300</b>	<b>238,480</b>	<b>1,068,957</b>
<b>EXPENDITURES</b>						
Building	444,517					444,517
Parks					387,215	387,215
Recreation					23,691	23,691
Pool					165,174	165,174
Fiber Optic LID		19,488	268,037	618,009		905,534
<b>Total expenditures</b>	<b>444,517</b>	<b>19,488</b>	<b>268,037</b>	<b>618,009</b>	<b>576,080</b>	<b>1,926,131</b>
Revenues over (under) expenditures	177,878	54,590	(137,333)	(614,709)	(337,600)	(857,174)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from notes issued			570,000			570,000
Premium on note issued			27,067			27,067
Operating transfers					425,827	425,827
<b>Total financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>597,067</b>	<b>0</b>	<b>425,827</b>	<b>1,022,894</b>
Revenues and other financing sources over (under) expenditures	177,878	54,590	459,734	(614,709)	88,227	165,720
Fund balance (deficit) at October 1, 2018	77,630	(646,599)	(500,059)		19,755	(1,049,273)
<b>Fund balance (deficit) at September 30, 2019</b>	<b>255,508</b>	<b>(592,009)</b>	<b>(40,325)</b>	<b>(614,709)</b>	<b>107,982</b>	<b>(883,553)</b>

See Independent Auditor's Report



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

Honorable Mayor and City Council  
City of Ammon  
Ammon, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Ammon as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Ammon's basic financial statements, and have issued our report thereon dated February 27, 2020.

### **Auditor's Responsibility**

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of City 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.

*Wipfli LLP*

Wipfli LLP

February 27, 2020  
Idaho Falls, Idaho