

City of Payette, Idaho

Year Ended September 30, 2020

Audited Financial Statements



CITY OF PAYETTE, IDAHO
Table of Contents

Financial Section

Independent Auditor's Report..... 1

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position 4

Statement of Activities 5

Fund Financial Statements

Balance Sheet – Governmental Funds..... 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 9

Statement of Net Position – Proprietary Funds 12

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 13

Statement of Cash Flows – Proprietary Funds 14

Notes to Financial Statements 15

Required Supplementary Information

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 34

Schedule of Employer’s Share of Net Pension Liability 36

Schedule of Employer Contributions..... 38

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds..... 40

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 42

Other Reports

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*..... 44



Independent Auditor's Report

Honorable Mayor and City Council
City of Payette, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Payette, Idaho (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 of America 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 of 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 audit 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, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 December 16, 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, 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 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.

Quest CPAs PLLC

Payette, Idaho
December 16, 2020

CITY OF PAYETTE, IDAHO

Statement of Net Position

September 30, 2020

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total Primary Government</u> |
|---|------------------------------------|-------------------------------------|-------------------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash & Investments | \$1,410,531 | \$7,550,974 | \$8,961,505 |
| Receivables: | | | |
| Taxes | 155,197 | | 155,197 |
| Intergovernmental | 227,643 | | 227,643 |
| Accounts | 2,113 | 298,308 | 300,421 |
| Total Current Assets | <u>1,795,484</u> | <u>7,849,282</u> | <u>9,644,766</u> |
| Noncurrent Assets | | | |
| Restricted Cash & Investments | | 266,715 | 266,715 |
| Nondepreciable Capital Assets | 788,449 | 728,318 | 1,516,767 |
| Depreciable Net Capital Assets | 6,870,333 | 6,288,270 | 13,158,603 |
| Net Pension Asset - FRF | 584,352 | | 584,352 |
| Total Noncurrent Assets | <u>8,243,134</u> | <u>7,283,303</u> | <u>15,526,437</u> |
| Total Assets | <u>10,038,618</u> | <u>15,132,585</u> | <u>25,171,203</u> |
| Deferred Outflows of Resources | | | |
| Pension Deferred Outflows - Base Plan | 247,292 | 87,727 | 335,019 |
| Pension Deferred Outflows - FRF | 28,103 | | 28,103 |
| Total Deferred Outflows of Resources | <u>275,395</u> | <u>87,727</u> | <u>363,122</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$10,314,013</u> | <u>\$15,220,312</u> | <u>\$25,534,325</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable & Accrued Expenses | | \$6,558 | \$6,558 |
| Deposits | | 99,000 | 99,000 |
| Accrued Interest | \$25,109 | 19,968 | 45,077 |
| Long-Term Debt & Obligations, Current | 209,550 | 237,689 | 447,239 |
| Total Current Liabilities | <u>234,659</u> | <u>363,215</u> | <u>597,874</u> |
| Noncurrent Liabilities | | | |
| Long-Term Debt & Obligations, Noncurrent | 857,000 | 776,967 | 1,633,967 |
| Net Pension Liability - Base Plan | 979,694 | 299,968 | 1,279,662 |
| Total Noncurrent Liabilities | <u>1,836,694</u> | <u>1,076,935</u> | <u>2,913,629</u> |
| Total Liabilities | <u>2,071,353</u> | <u>1,440,150</u> | <u>3,511,503</u> |
| Deferred Inflows of Resources | | | |
| Pension Deferred Inflows - Base Plan | 26,259 | 15,525 | 41,784 |
| Pension Deferred Inflows - FRF | 0 | | 0 |
| Total Deferred Inflows of Resources | <u>26,259</u> | <u>15,525</u> | <u>41,784</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>2,097,612</u> | <u>1,455,675</u> | <u>3,553,287</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 6,748,180 | 6,047,787 | 12,795,967 |
| Restricted - Special Programs | 780,222 | | 780,222 |
| Restricted - Debt Service | 66,919 | 167,715 | 234,634 |
| Restricted - Capital Projects | 76,550 | 2,082,985 | 2,159,535 |
| Unrestricted | 544,530 | 5,466,150 | 6,010,680 |
| Total Net Position | <u>8,216,401</u> | <u>13,764,637</u> | <u>21,981,038</u> |
| Total Liabilities and Deferred Inflows of Resources and Net Position | <u>\$10,314,013</u> | <u>\$15,220,312</u> | <u>\$25,534,325</u> |

See Accompanying Notes

CITY OF PAYETTE, IDAHO

Statement of Activities

Year Ended September 30, 2020

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue |
|---------------------------------------|--------------------|--------------------------------|------------------------------------|---------------------------------|
| | | Charges For Services | Operating Grants And Contributions | |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Current Expenditures | | | | |
| General Government | \$618,674 | \$45,860 | | (\$572,814) |
| Public Safety | 1,714,335 | 127,076 | | (1,587,259) |
| Streets & Parks | 898,777 | 66,622 | | (827,855) |
| Airport | 85,615 | 6,364 | | (79,251) |
| Culture & Recreation | 415,657 | 30,810 | \$17,311 | (367,536) |
| Debt Service - Interest | 33,457 | | | (33,457) |
| Capital Assets | 370,789 | | | (370,789) |
| Total Governmental Activities | <u>4,137,304</u> | <u>276,732</u> | <u>\$17,311</u> | <u>(3,838,961)</u> |
| Business-Type Activities | | | | |
| Water Services | 868,921 | 960,116 | | 91,195 |
| Sewer Services | 1,256,059 | 1,382,918 | | 126,859 |
| Sanitation Services | 395,370 | 441,724 | | 46,354 |
| Total Business-Type Activities | <u>2,520,350</u> | <u>2,784,758</u> | <u>0</u> | <u>264,408</u> |
| Total Primary Government | <u>\$6,657,654</u> | <u>\$3,061,490</u> | <u>\$17,311</u> | <u>(\$3,574,553)</u> |
| | | Governmental Activities | Business-Type Activities | Total Primary Government |
| Changes in Net Position | | | | |
| Net (Expense) Revenue | | (\$3,838,961) | \$264,408 | (\$3,574,553) |
| General Revenues | | | | |
| Taxes, Penalties, & Interest | | 2,531,006 | | 2,531,006 |
| Intergovernmental Revenue | | 1,206,129 | | 1,206,129 |
| Investment Interest | | 26,505 | 45,602 | 72,107 |
| Miscellaneous | | 118,616 | | 118,616 |
| Pension Revenue (Expense) | | (226,916) | (99,730) | (326,646) |
| Transfers | | 129,910 | (129,910) | 0 |
| Total | | <u>3,785,250</u> | <u>(184,038)</u> | <u>3,601,212</u> |
| Change in Net Position | | (53,711) | 80,370 | 26,659 |
| Net Position - Beginning | | <u>8,270,112</u> | <u>13,684,267</u> | <u>21,954,379</u> |
| Net Position - Ending | | <u>\$8,216,401</u> | <u>\$13,764,637</u> | <u>\$21,981,038</u> |

CITY OF PAYETTE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2020

| | General Fund | Streets & Parks Fund | Debt Service Fund | Capital Improvements Fund |
|--|-------------------------|---|----------------------------------|--|
| Assets | | | | |
| Cash & Investments | \$644,283 | \$145,490 | \$66,844 | \$73,592 |
| Receivables: | | | | |
| Taxes | 84,059 | 40,008 | 3,252 | 112 |
| Intergovernmental | 73,437 | 111,303 | | |
| Accounts | 497 | | | |
| Due From Other Funds | | | | |
| Total Assets | <u>\$802,276</u> | <u>\$296,801</u> | <u>\$70,096</u> | <u>\$73,704</u> |
| Liabilities | | | | |
| Accounts Payable & Accrued Expenses | | | | |
| Due To Other Funds | | | | |
| Total Liabilities | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Tax Revenues | 82,120 | 39,089 | 3,177 | 110 |
| Total Deferred Inflows of Resources | <u>82,120</u> | <u>39,089</u> | <u>3,177</u> | <u>110</u> |
| Fund Balances | | | | |
| Restricted - Special Programs | | 257,712 | | |
| Restricted - Debt Service | | | 66,919 | |
| Restricted - Capital Projects | | | | 73,594 |
| Unassigned | 720,156 | | | |
| Total Fund Balances | <u>720,156</u> | <u>257,712</u> | <u>66,919</u> | <u>73,594</u> |
| Total Liabilities and Deferred Inflows of Resources and Fund Balances | <u>\$802,276</u> | <u>\$296,801</u> | <u>\$70,096</u> | <u>\$73,704</u> |

CITY OF PAYETTE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2020

| | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| Assets | | |
| Cash & Investments | \$480,322 | \$1,410,531 |
| Receivables: | | |
| Taxes | 27,766 | 155,197 |
| Intergovernmental | 42,903 | 227,643 |
| Accounts | 1,616 | 2,113 |
| Due From Other Funds | 0 | 0 |
| Total Assets | \$552,607 | \$1,795,484 |
| Liabilities | | |
| Accounts Payable & Accrued Expenses | \$0 | \$0 |
| Due To Other Funds | 0 | 0 |
| Total Liabilities | 0 | 0 |
| Deferred Inflows of Resources | | |
| Unavailable Tax Revenues | 27,141 | 151,637 |
| Total Deferred Inflows of Resources | 27,141 | 151,637 |
| Fund Balances | | |
| Restricted - Special Programs | 522,510 | 780,222 |
| Restricted - Debt Service | 0 | 66,919 |
| Restricted - Capital Projects | 2,956 | 76,550 |
| Unassigned | 0 | 720,156 |
| Total Fund Balances | 525,466 | 1,643,847 |
| Total Liabilities and Deferred Inflows of Resources and Fund Balances | \$552,607 | \$1,795,484 |

CITY OF PAYETTE, IDAHO
Balance Sheet - Governmental Funds
September 30, 2020

Page 3 of 3

**Reconciliation of Total Governmental Fund Balances to Net Position
of Governmental Activities**

Total Governmental Fund Balances \$1,643,847

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 7,658,782

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 151,637

Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (1,091,659)

Net pension asset and liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds. (146,206)

Net Position of Governmental Activities \$8,216,401

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2020

| | General Fund | Streets & Parks Fund | Debt Service Fund | Capital Improvements Fund |
|--|-------------------------|---|----------------------------------|--|
| Revenues | | | | |
| Taxes, Penalties, & Interest | \$1,315,804 | \$712,986 | \$51,864 | \$3,093 |
| Licenses, Fees, & Charges | 179,807 | 1,850 | | |
| Intergovernmental Revenue | 518,253 | 525,104 | | |
| Investment Interest | 11,336 | 225 | 11,283 | 264 |
| Grants & Miscellaneous | 60,409 | 12,122 | | |
| Total Revenues | <u>2,085,609</u> | <u>1,252,287</u> | <u>63,147</u> | <u>3,357</u> |
| Expenditures | | | | |
| Current Expenditures | | | | |
| General Government | 524,436 | | | 10,145 |
| Public Safety | 1,802,315 | | | |
| Streets & Parks | | 944,902 | | |
| Airport | | | | |
| Culture & Recreation | | | | |
| Debt Service | | | 61,699 | |
| Capital Outlay | 30,550 | 310,670 | | |
| Total Expenditures | <u>2,357,301</u> | <u>1,255,572</u> | <u>61,699</u> | <u>10,145</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (271,692) | (3,285) | 1,448 | (6,788) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 125,910 | 6,000 | | 15,000 |
| Transfers Out | | (15,000) | | |
| Total Other Financing Sources (Uses) | <u>125,910</u> | <u>(9,000)</u> | <u>0</u> | <u>15,000</u> |
| Net Change in Fund Balances | (145,782) | (12,285) | 1,448 | 8,212 |
| Fund Balances - Beginning | 865,938 | 269,997 | 65,471 | 65,382 |
| Fund Balances - Ending | <u><u>\$720,156</u></u> | <u><u>\$257,712</u></u> | <u><u>\$66,919</u></u> | <u><u>\$73,594</u></u> |

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2020

| | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| Revenues | | |
| Taxes, Penalties, & Interest | \$449,162 | \$2,532,909 |
| Licenses, Fees, & Charges | 95,075 | 276,732 |
| Intergovernmental Revenue | 162,772 | 1,206,129 |
| Investment Interest | 3,397 | 26,505 |
| Grants & Miscellaneous | 67,696 | 140,227 |
| Total Revenues | <u>778,102</u> | <u>4,182,502</u> |
| Expenditures | | |
| Current Expenditures | | |
| General Government | 115,844 | 650,425 |
| Public Safety | 0 | 1,802,315 |
| Streets & Parks | 0 | 944,902 |
| Airport | 90,256 | 90,256 |
| Culture & Recreation | 436,987 | 436,987 |
| Debt Service | 0 | 61,699 |
| Capital Outlay | 0 | 341,220 |
| Total Expenditures | <u>643,087</u> | <u>4,327,804</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 135,015 | (145,302) |
| Other Financing Sources (Uses) | | |
| Transfers In | 23,000 | 169,910 |
| Transfers Out | <u>(25,000)</u> | <u>(40,000)</u> |
| Total Other Financing Sources (Uses) | <u>(2,000)</u> | <u>129,910</u> |
| Net Change in Fund Balances | 133,015 | (15,392) |
| Fund Balances - Beginning | <u>392,451</u> | <u>1,659,239</u> |
| Fund Balances - Ending | <u><u>\$525,466</u></u> | <u><u>\$1,643,847</u></u> |

CITY OF PAYETTE, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2020

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

Net Change in Fund Balances - Total Governmental Funds (\$15,392)

Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays 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 excess of capital outlays over (under) depreciation expense in the current period. (29,569)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (1,903)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 27,463

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 779

In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds. (10,007)

Changes in net pension asset and liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (25,082)

Change in Net Position of Governmental Activities (\$53,711)

CITY OF PAYETTE, IDAHO
Statement of Net Position - Proprietary Funds
September 30, 2020

| | Water Fund | Sewer Fund | Sanitation Fund | Total Enterprise Funds |
|---|-----------------------|-----------------------|----------------------------|---------------------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash & Investments | \$2,567,443 | \$4,983,531 | | \$7,550,974 |
| Receivables: | | | | |
| Accounts | 87,230 | 166,946 | \$44,132 | 298,308 |
| Due From Other Funds | 0 | 29,735 | | 29,735 |
| Total Current Assets | <u>2,654,673</u> | <u>5,180,212</u> | <u>44,132</u> | <u>7,879,017</u> |
| Noncurrent Assets | | | | |
| Restricted Cash & Investments | 99,000 | 167,715 | | 266,715 |
| Nondepreciable Capital Assets | 239,550 | 488,768 | | 728,318 |
| Depreciable Net Capital Assets | 2,801,186 | 3,487,084 | | 6,288,270 |
| Total Noncurrent Assets | <u>3,139,736</u> | <u>4,143,567</u> | <u>0</u> | <u>7,283,303</u> |
| Total Assets | <u>5,794,409</u> | <u>9,323,779</u> | <u>44,132</u> | <u>15,162,320</u> |
| Deferred Outflows of Resources | | | | |
| Pension Deferred Outflows - Base Plan | 34,396 | 53,331 | | 87,727 |
| Total Deferred Outflows of Resources | <u>34,396</u> | <u>53,331</u> | <u>0</u> | <u>87,727</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$5,828,805</u> | <u>\$9,377,110</u> | <u>\$44,132</u> | <u>\$15,250,047</u> |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable & Accrued Expenses | \$6,147 | \$351 | \$60 | \$6,558 |
| Due To Other Funds | 0 | 0 | 29,735 | 29,735 |
| Deposits | 99,000 | 0 | | 99,000 |
| Accrued Interest | 0 | 19,968 | | 19,968 |
| Long-Term Debt & Obligations, Current | 32,600 | 205,089 | | 237,689 |
| Total Current Liabilities | <u>137,747</u> | <u>225,408</u> | <u>29,795</u> | <u>392,950</u> |
| Noncurrent Liabilities | | | | |
| Long-Term Debt & Obligations, Noncurrent | 0 | 776,967 | | 776,967 |
| Net Pension Liability - Base Plan | 130,745 | 169,223 | | 299,968 |
| Total Noncurrent Liabilities | <u>130,745</u> | <u>946,190</u> | <u>0</u> | <u>1,076,935</u> |
| Total Liabilities | <u>268,492</u> | <u>1,171,598</u> | <u>29,795</u> | <u>1,469,885</u> |
| Deferred Inflows of Resources | | | | |
| Pension Deferred Inflows - Base Plan | 5,367 | 10,158 | | 15,525 |
| Total Deferred Inflows of Resources | <u>5,367</u> | <u>10,158</u> | <u>0</u> | <u>15,525</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>273,859</u> | <u>1,181,756</u> | <u>29,795</u> | <u>1,485,410</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 3,040,736 | 3,007,051 | | 6,047,787 |
| Restricted - Debt Service | 0 | 167,715 | | 167,715 |
| Restricted - Capital Projects | 1,329,903 | 753,082 | | 2,082,985 |
| Unrestricted | 1,184,307 | 4,267,506 | 14,337 | 5,466,150 |
| Total Net Position | <u>5,554,946</u> | <u>8,195,354</u> | <u>14,337</u> | <u>13,764,637</u> |
| Total Liabilities and Deferred Inflows of Resources and Net Position | <u>\$5,828,805</u> | <u>\$9,377,110</u> | <u>\$44,132</u> | <u>\$15,250,047</u> |

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended September 30, 2020

| | Water Fund | Sewer Fund | Sanitation Fund | Total Enterprise Funds |
|--|---------------------------|---------------------------|----------------------------|---------------------------------------|
| Operating Revenues | | | | |
| Charges for Services | \$956,577 | \$1,372,464 | \$441,724 | \$2,770,765 |
| Miscellaneous | 3,539 | 10,454 | | 13,993 |
| Total Operating Revenues | <u>960,116</u> | <u>1,382,918</u> | <u>441,724</u> | <u>2,784,758</u> |
| Operating Expenses | | | | |
| Personnel | 346,312 | 436,629 | | 782,941 |
| Goods & Services | 306,441 | 516,417 | 395,370 | 1,218,228 |
| Depreciation | 216,168 | 260,069 | | 476,237 |
| Total Operating Expenses | <u>868,921</u> | <u>1,213,115</u> | <u>395,370</u> | <u>2,477,406</u> |
| Operating Income (Loss) | <u>91,195</u> | <u>169,803</u> | <u>46,354</u> | <u>307,352</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Income | 15,835 | 28,915 | 852 | 45,602 |
| Interest Expense | 0 | (42,944) | | (42,944) |
| Pension Revenue (Expense) | (45,023) | (54,707) | | (99,730) |
| Total Nonoperating Revenue (Expenses) | <u>(29,188)</u> | <u>(68,736)</u> | <u>852</u> | <u>(97,072)</u> |
| Income (Loss) Before Transfers | 62,007 | 101,067 | 47,206 | 210,280 |
| Transfers In | 0 | 0 | 0 | 0 |
| Transfers Out | (50,500) | (26,440) | (52,970) | (129,910) |
| Change in Net Position | 11,507 | 74,627 | (5,764) | 80,370 |
| Net Position - Beginning | <u>5,543,439</u> | <u>8,120,727</u> | <u>20,101</u> | <u>13,684,267</u> |
| Net Position - Ending | <u><u>\$5,554,946</u></u> | <u><u>\$8,195,354</u></u> | <u><u>\$14,337</u></u> | <u><u>\$13,764,637</u></u> |

CITY OF PAYETTE, IDAHO
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2020

| | Water Fund | Sewer Fund | Sanitation Fund | Total Enterprise Funds |
|---|-----------------------|-----------------------|----------------------------|---------------------------------------|
| Cash Flows From Operations | | | | |
| Receipts from Customers | \$981,030 | \$1,429,357 | \$442,627 | \$2,853,014 |
| Payments for Personnel | (371,637) | (467,398) | (395,371) | (1,234,406) |
| Payments for Goods & Services | (307,351) | (516,417) | | (823,768) |
| Cash Provided (Used) By Operations | <u>302,042</u> | <u>445,542</u> | <u>47,256</u> | <u>794,840</u> |
| Cash Flows From Noncapital Financing | | | | |
| Transfers (to) from Other Funds | (50,500) | (26,440) | (52,970) | (129,910) |
| Cash Provided (Used) By Noncapital Financing | <u>(50,500)</u> | <u>(26,440)</u> | <u>(52,970)</u> | <u>(129,910)</u> |
| Cash Flows From Capital & Related Financing | | | | |
| Acquisition of Capital Assets | (231,612) | (316,172) | | (547,784) |
| Interest Paid on Debt | | (46,870) | | (46,870) |
| Principal Paid on Debt | | (157,975) | | (157,975) |
| Changes in Other Long-Term Obligations | 3,243 | (7,343) | | (4,100) |
| Cash Provided (Used) By Capital & Related Financing | <u>(228,369)</u> | <u>(528,360)</u> | <u>0</u> | <u>(756,729)</u> |
| Cash Flows From Investments | | | | |
| Investment Income | 15,835 | 28,915 | 852 | 45,602 |
| Cash Provided (Used) By Investments | <u>15,835</u> | <u>28,915</u> | <u>852</u> | <u>45,602</u> |
| Change in Cash & Investments | 39,008 | (80,343) | (4,862) | (46,197) |
| Cash & Investments - Beginning | <u>2,627,435</u> | <u>5,261,324</u> | <u>(24,873)</u> | <u>7,863,886</u> |
| Cash & Investments - Ending | <u>\$2,666,443</u> | <u>\$5,180,981</u> | <u>(\$29,735)</u> | <u>\$7,817,689</u> |
| Cash & Investments Reconciliation | | | | |
| Cash & Investments | \$2,567,443 | \$4,983,531 | | \$7,550,974 |
| Restricted Cash & Investments | 99,000 | 167,715 | | 266,715 |
| Due from Other Funds / (Due to Other Funds) | | 29,735 | (\$29,735) | 0 |
| Total Cash & Investments | <u>\$2,666,443</u> | <u>\$5,180,981</u> | <u>(\$29,735)</u> | <u>\$7,817,689</u> |
| Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations | | | | |
| Operating Income (Loss) | \$91,195 | \$169,803 | \$46,354 | \$307,352 |
| Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations: | | | | |
| Depreciation | 216,168 | 260,069 | | 476,237 |
| PERSI Contributions | (25,325) | (30,772) | | (56,097) |
| Changes in Assets & Liabilities: | | | | |
| Receivables | 33,254 | 46,442 | 903 | 80,599 |
| Accounts Payable & Accrued Expenses | (910) | 0 | (1) | (911) |
| Deposits | (12,340) | 0 | | (12,340) |
| Cash Provided (Used) By Operations | <u>\$302,042</u> | <u>\$445,542</u> | <u>\$47,256</u> | <u>\$794,840</u> |

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The City of Payette, Idaho (the City) provides basic municipal services and operates under a mayor-council form of government. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to cities. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Basic Financial Statements - Government-Wide Statements – The City’s basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City’s major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the City’s functions and business-type activities. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenues.

The City’s sole activity is providing basic municipal services, and substantially all expenses are directly related to this activity. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the City as an entity and the change in the City’s net position resulting from the current year’s activities. Fiduciary funds, when present, are not included in the government-wide statements.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the City include:

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

General Fund – The general fund is the City’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the streets and parks fund, which accounts for maintenance and betterments of the City’s streets and parks.

Debt Service Fund – The debt service fund is used to account for the accumulation of funds for the periodic payment of principal and interest on long term debt.

Capital Projects Funds – Capital projects funds are used to account for the acquisition of major capital assets. Major capital project funds include the capital improvements fund, used to account for the acquisition and betterment of capital assets.

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in enterprise funds are reported as business-type activities in the government-wide financial statements. Major enterprise funds of the City include:

Water, Sewer, and Sanitation Funds – The water, sewer, and sanitation funds account for the revenues earned and expenses incurred in providing water, sewer, and sanitation services.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Both governmental and business-type activities in the government-wide financial statements and proprietary and fiduciary fund financial statements are reported on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Cash and Investments – Nearly all the cash and investment balances of the City’s funds are pooled for investment purposes. The individual funds’ portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund’s respective investment balance. Investments are measured using the market approach and include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

For purposes of the statement of cash flows, the City considers all investments (including restricted investments) available for immediate withdrawal or with maturities of three months or less to be cash and cash equivalents (referred to as cash and investments).

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

Compensated Absences – The City provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is recorded as a liability in the accompanying financial statements.

Pensions – For purposes of measuring the net pension liability and pension expense/revenue, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the 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. For purposes of measuring the net pension asset and pension expense (revenue), information about the fiduciary net position of the Firefighters' Retirement Fund Plan (FRF) and additions to/deductions from FRF's fiduciary net position have been determined on the same basis as they are reported by the FRF. 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.

Deferred Outflows/Inflows of Resources – The City's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the City first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the City first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The City is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Interfund Activity – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Custodial Credit Risk – The City maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The City does not have a formal policy concerning custodial credit risk.

Risk Management – The City is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

| | <u>Governmental Funds</u> | <u>Proprietary Funds</u> | <u>Total</u> |
|---|-------------------------------|------------------------------|--------------------|
| Cash - Deposits | \$1,410,531 | \$4,769,814 | \$6,180,345 |
| Investments - Local Gov't Investment Pool | | 3,047,875 | 3,047,875 |
| Total | <u>\$1,410,531</u> | <u>\$7,817,689</u> | <u>\$9,228,220</u> |

Deposits – At year end, the carrying amounts of the City's deposits were \$6,180,345 and the bank balances were \$6,870,437. Of the bank balances, \$314,713 was insured and \$6,555,724 was collateralized.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

| <u>Investment Type</u> | <u>Investment Maturity Schedule (In Years)</u> | |
|-------------------------|--|--------------------|
| | <u>Less Than 1</u> | <u>Total</u> |
| Local Gov't Invest Pool | \$3,047,875 | \$3,047,875 |
| Total | <u>\$3,047,875</u> | <u>\$3,047,875</u> |

Credit rate risk:

| <u>Investment Type</u> | <u>Investment Rating Schedule</u> | |
|-------------------------|-----------------------------------|--------------------|
| | <u>Not Rated</u> | <u>Total</u> |
| Local Gov't Invest Pool | \$3,047,875 | \$3,047,875 |
| Total | <u>\$3,047,875</u> | <u>\$3,047,875</u> |

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The City's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

Restricted Cash & Investments – Restricted cash and investments at year end is cash and investments set aside because their use is limited by City ordinance. In the water fund, the customer deposit account is used to report resources received from users of the utility system, to be returned to the customer when leaving the system provided that all utility bills are paid current. Per bond covenants, the City is required to restrict

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

cash and investments within its sewer fund at a rate of one-tenth of an annual payment per year until one annual bond payment has been accumulated. Management is not aware of any violations of these covenants.

C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--------------------------------|------------------------------|-------------------|------------------|---------------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$788,449 | | | \$788,449 |
| Total | <u>788,449</u> | <u>\$0</u> | <u>\$0</u> | <u>788,449</u> |
| Depreciable Capital Assets | | | | |
| Buildings | 4,763,021 | | | 4,763,021 |
| Equipment | 3,783,122 | 43,550 | | 3,826,672 |
| Improvements | 4,373,630 | 297,670 | | 4,671,300 |
| Subtotal | <u>12,919,773</u> | <u>341,220</u> | <u>0</u> | <u>13,260,993</u> |
| Accumulated Depreciation | | | | |
| Buildings | 1,393,896 | 87,235 | | 1,481,131 |
| Equipment | 2,981,516 | 145,664 | | 3,127,180 |
| Improvements | 1,644,459 | 137,890 | | 1,782,349 |
| Subtotal | <u>6,019,871</u> | <u>370,789</u> | <u>0</u> | <u>6,390,660</u> |
| Total | <u>6,899,902</u> | <u>(29,569)</u> | <u>0</u> | <u>6,870,333</u> |
| Net Capital Assets | <u>\$7,688,351</u> | <u>(\$29,569)</u> | <u>\$0</u> | <u>\$7,658,782</u> |

Depreciation expense of \$370,789 was charged to the capital assets program.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

| <u>Business-Type Activities</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------|------------------------------|------------------|------------------|---------------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$728,318 | | | \$728,318 |
| Total | <u>728,318</u> | <u>\$0</u> | <u>\$0</u> | <u>728,318</u> |
| Depreciable Capital Assets | | | | |
| Buildings | 426,632 | | | 426,632 |
| Equipment | 2,535,771 | 58,009 | | 2,593,780 |
| Improvements | 12,838,580 | 489,775 | | 13,328,355 |
| Subtotal | <u>15,800,983</u> | <u>547,784</u> | <u>0</u> | <u>16,348,767</u> |
| Accumulated Depreciation | | | | |
| Buildings | 279,193 | 6,633 | | 285,826 |
| Equipment | 1,872,310 | 139,381 | | 2,011,691 |
| Improvements | 7,432,757 | 330,223 | | 7,762,980 |
| Subtotal | <u>9,584,260</u> | <u>476,237</u> | <u>0</u> | <u>10,060,497</u> |
| Total | <u>6,216,723</u> | <u>71,547</u> | <u>0</u> | <u>6,288,270</u> |
| Net Capital Assets | <u>\$6,945,041</u> | <u>\$71,547</u> | <u>\$0</u> | <u>\$7,016,588</u> |

Depreciation expense of \$216,168 and \$260,069 was charged to the water and sewer services programs, respectively.

D. LONG-TERM DEBT AND OBLIGATIONS

Governmental Activities:

Bonded Debt – At year end, the City’s bonded debt was as follows:

| | |
|--|---------------------------------|
| 2010 - \$1,100,000 - general obligation bonds #97-05 for capital improvements due in annual installments with interest at 3.75% through 2040/41, secured by future taxes, paid through the debt service fund | <u>Outstanding</u> \$885,493 |
| Total | <u>\$885,493</u> |

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Maturities on the bonds – governmental activities – are estimated as follows:

| <u>Year Ended</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------|-------------------------|-------------------------|
| 9/30/21 | \$28,493 | \$33,206 |
| 9/30/22 | 29,562 | 32,137 |
| 9/30/23 | 30,670 | 31,029 |
| 9/30/24 | 31,820 | 29,879 |
| 9/30/25 | 33,013 | 28,686 |
| 9/30/26-30 | 184,591 | 123,904 |
| 9/30/31-35 | 221,899 | 86,596 |
| 9/30/36-40 | 266,744 | 41,751 |
| 9/30/41 | 58,701 | 2,200 |
| Total | <u><u>\$885,493</u></u> | <u><u>\$409,388</u></u> |

Business-Type Activities:

| | <u>Outstanding</u> |
|---|-------------------------|
| 2010 - \$1,335,000 - sewer revenue bonds #92-04 for capital improvements due in annual installments with interest at 3.00% through 2033/34, secured by future sewer revenue fees, paid through the sewer fund | <u>\$745,147</u> |
| Total | <u><u>\$745,147</u></u> |

Maturities on the bonds – business-type activities – are estimated as follows:

| <u>Year Ended</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------|-------------------------|-------------------------|
| 9/30/21 | \$45,758 | \$22,354 |
| 9/30/22 | 47,130 | 20,982 |
| 9/30/23 | 48,544 | 19,568 |
| 9/30/24 | 50,001 | 18,111 |
| 9/30/25 | 51,501 | 16,611 |
| 9/30/26-30 | 281,626 | 58,934 |
| 9/30/31-34 | 220,587 | 15,179 |
| Total | <u><u>\$745,147</u></u> | <u><u>\$171,739</u></u> |

Sewer Revenue Loan - At year end, the City’s sewer revenue loan was as follows:

| | |
|---|-------------------------|
| Sewer revenue loan - DEQ, due in semiannual payments of \$43,831 with interest at 4.00% through 2022/23, secured by future user fees, paid through the sewer fund | <u>\$203,686</u> |
| Total | <u><u>\$203,686</u></u> |

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Maturities on the sewer revenue loan are estimated as follows:

| <u>Year Ended</u> | <u>Principal</u> | <u>Interest</u> |
|-------------------|------------------|-----------------|
| 9/30/21 | \$80,147 | \$7,515 |
| 9/30/22 | 83,548 | 4,114 |
| 9/30/23 | 39,991 | 800 |
| Total | <u>\$203,686</u> | <u>\$12,429</u> |

Changes in long-term debt and obligations are as follows:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|--------------------------|------------------|------------------|-----------------------|----------------------------|
| Primary Government Governmental Act. | | | | | |
| 2010 GO Bond #97-05 | \$912,956 | | \$27,463 | \$885,493 | \$28,493 |
| Comp. Absences | 171,050 | \$10,007 | | 181,057 | 181,057 |
| Subtotal | <u>1,084,006</u> | <u>10,007</u> | <u>27,463</u> | <u>1,066,550</u> | <u>209,550</u> |
| Business-Type Act. | | | | | |
| 2010 SR Bond #92-04 | 789,571 | | 44,424 | 745,147 | 45,758 |
| Sewer Revenue Loan | 317,237 | | 113,551 | 203,686 | 126,108 |
| Comp. Absences | 69,923 | | 4,100 | 65,823 | 65,823 |
| Subtotal | <u>1,176,731</u> | <u>0</u> | <u>162,075</u> | <u>1,014,656</u> | <u>237,689</u> |
| Total | <u>\$2,260,737</u> | <u>\$10,007</u> | <u>\$189,538</u> | <u>\$2,081,206</u> | <u>\$447,239</u> |

Interest and related costs during the year amounted to \$33,457 and \$42,944 and were charged to the debt service – interest and sewer services programs, respectively. Compensated absences are normally paid through the general, water, or sewer funds.

E. PENSION PLAN – BASE PLAN

Plan Description

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

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$266,897 for the year ended September 30, 2020.

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

At September 30, 2020, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the City's proportion was 0.0551072 percent.

For the year ended September 30, 2020, the City recognized pension revenue (expense) of (\$431,026). At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$99,981 | \$41,784 |
| Changes in assumptions or other inputs | 21,641 | |
| Net difference between projected and actual earnings on pension plan investments | 146,673 | |
| Employer contributions subsequent to the measurement date | 66,724 | |
| Total | \$335,019 | \$41,784 |

\$66,724 reported as deferred outflows of resources related to pensions resulting from City contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending September 30, 2021.

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

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

| <u>Year Ended</u> | | | |
|-----------------------|--|--|--------------------|
| 9/30/21 | | | (\$4,133) |
| 9/30/22 | | | (53,904) |
| 9/30/23 | | | (73,161) |
| 9/30/24 | | | (95,314) |
| Total | | | (\$226,512) |

Actuarial Assumptions

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

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

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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

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

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

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

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

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Capital Market Assumptions from Callen 2020

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

Investment Policy Assumptions from PERSI November 2019

| | |
|---|--------|
| Portfolio Long-Term Expected Real Rate of Return* | 4.14% |
| Portfolio Standard Deviation | 14.16% |

Economic/Demographic Assumptions from Milliman 2018

| Valuation Assumptions Chosen by PERSI Board | |
|---|--------------|
| Long-Term Expected Real Rate of Return* | 4.05% |
| Assumed Inflation | 3.00% |
| Long-Term Expected Geometric Rate of Return* | 7.05% |
| *Net of Investment Expenses | |

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 periods 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 City's proportionate share of the net pension liability to changes in the discount rate.

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the City'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 PAYETTE, IDAHO
Notes to Financial Statements

| | 1% Decrease (6.05%) | Current Discount Rate (7.05%) | 1% Increase (8.05%) |
|---|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability (asset) | \$2,624,236 | \$1,279,662 | \$167,918 |

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.

E. PENSION PLAN – FIREFIGHTERS’ RETIREMENT FUND PLAN

Plan Description

The City contributes to the FRF which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI System. The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the FRF 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 System members with at least ten years of service and three members who are Idaho citizens not members of the System except by reason of having served on the Board.

Pension Benefits

The FRF provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members’ years of service as well as the final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho Legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter’s wage.

Member and Employer Contributions

Member and employer contributions paid to the FRF 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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

(expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

As of June 30, 2020, the total employer rate was 25.93% which includes the employer excess rate of 13.65% plus the PERSI class 2 firefighters rate of 12.28%. The FRF member rate for the year for class B is 11.45% which is 2.64% above the class 2 rate of 8.81%. The City's contributions were \$15,484 for the year ended September 30, 2020.

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

At September 30, 2020, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on the City's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2020, the City's proportion was 0.3924482 percent.

For the year ended September 30, 2020, the City recognized pension revenue (expense) of \$104,380. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Firefighters Retirement Fund (FRF) | |
|--|---|--------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Net difference between projected and actual earnings on pension plan investments | \$24,232 | |
| Employer contributions subsequent to the measurement date | 3,871 | |
| Total | \$28,103 | \$0 |

\$3,871 reported as deferred outflows of resources related to pensions resulting from City contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue 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, 2019 the beginning of the measurement period ended June 30, 2020 is 1.0 year and 1.0 year for the measurement period June 30, 2020.

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

| Year Ended | |
|-----------------------|------------------------|
| 9/30/21 | (\$6,970) |
| 9/30/22 | 6,662 |
| 9/30/23 | 10,492 |
| 9/30/24 | 14,048 |
| Total | <u><u>\$24,232</u></u> |

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. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

The total pension asset in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|-----------------------------------|
| Inflation | 3.00% |
| Salary increases** | 3.75% |
| Salary inflation | 3.75% |
| Investment rate of return | 7.05%, net of investment expenses |
| Cost-of-living adjustments | 3.18% |

**There is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service.

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

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

An experience study was performed for the period July 1, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The total pension asset as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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

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

Capital Market Assumptions from Callen 2020

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

Investment Policy Assumptions from PERSI November 2019

| | |
|---|--------|
| Portfolio Long-Term Expected Real Rate of Return* | 4.14% |
| Portfolio Standard Deviation | 14.16% |

Economic/Demographic Assumptions from Milliman 2018

| Valuation Assumptions Chosen by PERSI Board | |
|---|--------------|
| Long-Term Expected Real Rate of Return* | 4.05% |
| Assumed Inflation | 3.00% |
| Long-Term Expected Geometric Rate of Return* | 7.05% |
| *Net of Investment Expenses | |

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 periods of projected benefit payments to

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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.

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 periods 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 City's proportionate share of the net pension liability to changes in the discount rate.

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

| | 1% Decrease (6.05%) | Current Discount Rate (7.05%) | 1% Increase (8.05%) |
|---|--------------------------------|--|--------------------------------|
| City's proportionate share of the net pension liability (asset) | (\$480,381) | (\$584,352) | (\$673,422) |

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.

G. INTERFUND BALANCES AND TRANSFERS

Interfund balances at year end consist of the following:

| | Due From Fund | |
|--------------------|----------------------|-----------------|
| Due To Fund | Sanitation | Total |
| Sewer | \$29,735 | \$29,735 |
| Total | \$29,735 | \$29,735 |

This interfund balance resulted from sanitation fund expenditures / transfers in excess of cash balances. It is anticipated to be reimbursed in future years from sanitation fund surpluses.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Interfund transfers during the year consist of the following:

| <u>Fund</u> | <u>Transfer In</u> | <u>Transfer Out</u> | <u>Purpose</u> |
|-----------------------|--------------------|---------------------|----------------|
| General | \$125,910 | | Support |
| Street & Parks | 6,000 | \$15,000 | Support |
| Capital Improvements | 15,000 | | Support |
| Nonmajor Governmental | 23,000 | 25,000 | Support |
| Water | | 50,500 | Support |
| Sewer | | 26,440 | Support |
| Sanitation | | 52,970 | Support |
| Total | <u>\$169,910</u> | <u>\$169,910</u> | |

H. TAX ABATEMENTS

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

CITY OF PAYETTE, IDAHO
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended September 30, 2020

| General Fund | Budgeted Amounts | | Actual | Final Budget |
|---|-------------------------|------------------|------------------|---------------------|
| | (GAAP Basis) | | | |
| | Original | Final | | Positive |
| | | | | (Negative) |
| Revenues | | | | |
| Taxes, Penalties, & Interest | \$1,329,733 | \$1,329,733 | \$1,315,804 | (\$13,929) |
| Licenses, Fees, & Charges | 159,100 | 159,100 | 179,807 | 20,707 |
| Intergovernmental Revenue | 416,000 | 416,000 | 518,253 | 102,253 |
| Investment Interest | 12,000 | 12,000 | 11,336 | (664) |
| Grants & Miscellaneous | 185,350 | 185,350 | 60,409 | (124,941) |
| Total Revenues | <u>2,102,183</u> | <u>2,102,183</u> | <u>2,085,609</u> | <u>(16,574)</u> |
| Expenditures | | | | |
| Current Expenditures | | | | |
| General Government | 590,580 | 590,580 | 524,436 | 66,144 |
| Public Safety | 1,806,222 | 1,806,222 | 1,802,315 | 3,907 |
| Streets & Parks | 0 | 0 | 0 | 0 |
| Airport | 0 | 0 | 0 | 0 |
| Culture & Recreation | 0 | 0 | 0 | 0 |
| Capital Outlay | 144,875 | 144,875 | 30,550 | 114,325 |
| Total Expenditures | <u>2,541,677</u> | <u>2,541,677</u> | <u>2,357,301</u> | <u>184,376</u> * |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | | | | |
| | (439,494) | (439,494) | (271,692) | 167,802 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 188,707 | 188,707 | 125,910 | (62,797) |
| Transfers Out | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>188,707</u> | <u>188,707</u> | <u>125,910</u> | <u>(62,797)</u> |
| Net Change in Fund Balances | (250,787) | (250,787) | (145,782) | 105,005 |
| Fund Balances - Beginning | 250,787 | 250,787 | 865,938 | 615,151 |
| Fund Balances - Ending | <u>\$0</u> | <u>\$0</u> | <u>\$720,156</u> | <u>\$720,156</u> |
| <i>*Total expenditures (over) under appropriations are:</i> | | | | <u>\$184,376</u> |

CITY OF PAYETTE, IDAHO
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended September 30, 2020

| Streets & Parks Fund | Budgeted Amounts | | Actual | Final Budget |
|---|-------------------------|------------------|------------------|---------------------|
| | (GAAP Basis) | | | |
| | Original | Final | | Positive |
| | | | | (Negative) |
| Revenues | | | | |
| Taxes, Penalties, & Interest | \$724,306 | \$724,306 | \$712,986 | (\$11,320) |
| Licenses, Fees, & Charges | 1,600 | 1,600 | 1,850 | 250 |
| Intergovernmental Revenue | 571,141 | 571,141 | 525,104 | (46,037) |
| Investment Interest | 500 | 500 | 225 | (275) |
| Grants & Miscellaneous | 14,000 | 14,000 | 12,122 | (1,878) |
| Total Revenues | <u>1,311,547</u> | <u>1,311,547</u> | <u>1,252,287</u> | <u>(59,260)</u> |
| Expenditures | | | | |
| Current Expenditures | | | | |
| General Government | 0 | 0 | 0 | 0 |
| Public Safety | 0 | 0 | 0 | 0 |
| Streets & Parks | 1,079,941 | 1,079,941 | 944,902 | 135,039 |
| Airport | 0 | 0 | 0 | 0 |
| Culture & Recreation | 0 | 0 | 0 | 0 |
| Capital Outlay | 322,606 | 322,606 | 310,670 | 11,936 |
| Total Expenditures | <u>1,402,547</u> | <u>1,402,547</u> | <u>1,255,572</u> | <u>146,975</u> * |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | (91,000) | (91,000) | (3,285) | 87,715 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 56,000 | 56,000 | 6,000 | (50,000) |
| Transfers Out | (15,000) | (15,000) | (15,000) | 0 * |
| Total Other Financing Sources (Uses) | <u>41,000</u> | <u>41,000</u> | <u>(9,000)</u> | <u>(50,000)</u> |
| Net Change in Fund Balances | (50,000) | (50,000) | (12,285) | 37,715 |
| Fund Balances - Beginning | 50,000 | 50,000 | 269,997 | 219,997 |
| Fund Balances - Ending | <u>\$0</u> | <u>\$0</u> | <u>\$257,712</u> | <u>\$257,712</u> |

*Total expenditures (over) under appropriations are: \$146,975

CITY OF PAYETTE, IDAHO
Schedule of Employer's Share of Net Pension Asset and Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| City's portion of the net pension liability | 0.0551072% | 0.0577812% |
| City's proportionate share of the net pension liability | \$1,279,662 | \$659,556 |
| City's covered payroll | \$1,962,303 | \$1,962,482 |
| City's proportional share of the net pension liability as a percentage of its covered payroll | 65.21% | 33.61% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.22% | 93.79% |

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|
| City's portion of the net pension liability | 0.0579344% | 0.0602134% | 0.0613316% | 0.0639491% |
| City's proportionate share of the net pension liability | \$854,543 | \$946,451 | \$1,243,286 | \$842,106 |
| City's covered payroll | \$1,863,958 | \$1,870,186 | \$2,083,975 | \$1,961,166 |
| City's proportional share of the net pension liability as a percentage of its covered payroll | 45.85% | 50.61% | 59.66% | 42.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.69% | 90.68% | 87.26% | 91.38% |

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

CITY OF PAYETTE, IDAHO
Schedule of Employer's Share of Net Pension Asset and Liability
PERSI - Firefighters' Retirement Fund Plan
Last 10 - Fiscal Years*

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| City's portion of the net pension asset | 0.3924482% | 0.3648411% |
| City's proportionate share of the net pension asset | \$584,352 | \$524,472 |
| City's covered payroll | \$59,715 | \$56,606 |
| City's proportional share of the net pension asset as a percentage of its covered payroll | 978.57% | 926.53% |
| Plan fiduciary net position as a percentage of the total pension asset | 155.55% | 152.74% |

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|
| City's portion of the net pension asset | 0.3255957% | 0.2932171% | 0.2981617% | 0.2481620% |
| City's proportionate share of the net pension asset | \$368,477 | \$251,567 | \$160,257 | \$134,034 |
| City's covered payroll | \$48,155 | \$42,292 | \$40,273 | \$61,091 |
| City's proportional share of the net pension asset as a percentage of its covered payroll | 765.19% | 594.83% | 397.93% | 219.40% |
| Plan fiduciary net position as a percentage of the total pension asset | 140.15% | 129.65% | 118.42% | 118.08% |

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30.

CITY OF PAYETTE, IDAHO
Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years*

| | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|
| Statutorily required contribution | \$266,897 | \$264,590 |
| Contributions in relation to the statutorily required contribution | \$266,897 | \$264,590 |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> |
| City's covered payroll | \$2,235,318 | \$2,307,025 |
| Contributions as a percentage of covered payroll | 11.94% | 11.47% |

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$244,210 | \$236,977 | \$235,906 | \$222,004 |
| Contributions in relation to the statutorily required contribution | \$244,210 | \$236,977 | \$235,906 | \$222,004 |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| City's covered payroll | \$2,157,332 | \$2,093,436 | \$2,083,975 | \$1,961,166 |
| Contributions as a percentage of covered payroll | 11.32% | 11.32% | 11.32% | 11.32% |

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

CITY OF PAYETTE, IDAHO
Schedule of Employer Contributions
PERSI - Firefighters' Retirement Fund Plan
Last 10 - Fiscal Years*

| | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|
| Statutorily required contribution | \$15,484 | \$12,455 |
| Contributions in relation to the statutorily required contribution | \$15,484 | \$12,455 |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> |
| City's covered payroll | \$59,715 | \$49,210 |
| Contributions as a percentage of covered payroll | 25.93% | 25.31% |

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|
| Statutorily required contribution | \$12,188 | \$10,704 | \$10,193 | \$19,201 |
| Contributions in relation to the statutorily required contribution | \$12,188 | \$10,704 | \$10,193 | \$19,201 |
| Contribution deficiency (excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| City's covered payroll | \$48,155 | \$42,292 | \$40,273 | \$61,091 |
| Contributions as a percentage of covered payroll | 25.31% | 25.31% | 25.31% | 31.43% |

*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

CITY OF PAYETTE, IDAHO
 Combining Balance Sheet - Nonmajor Governmental Funds
 September 30, 2020

| | Special Revenue Funds | | | |
|--|------------------------------|-----------------|-------------------|-----------------|
| | Library | Tort | Recreation | Airport |
| Assets | | | | |
| Cash & Investments | \$119,139 | \$5,786 | \$119,287 | \$11,571 |
| Receivables: | | | | |
| Taxes | 15,523 | 4,676 | 6,804 | 763 |
| Intergovernmental Accounts | 8,474 | | 33,705 | 724 |
| Due From Other Funds | | | | |
| Total Assets | <u>\$143,136</u> | <u>\$10,462</u> | <u>\$159,796</u> | <u>\$13,058</u> |
| Liabilities | | | | |
| Accounts Payable & Accrued Expenses Due To Other Funds | | | | |
| Total Liabilities | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Tax Revenues | 15,169 | 4,568 | 6,657 | 747 |
| Total Deferred Inflows of Resources | <u>15,169</u> | <u>4,568</u> | <u>6,657</u> | <u>747</u> |
| Fund Balances | | | | |
| Restricted - Special Programs | 127,967 | 5,894 | 153,139 | 12,311 |
| Restricted - Debt Service | | | | |
| Restricted - Capital Projects | | | | |
| Unassigned | | | | |
| Total Fund Balances | <u>127,967</u> | <u>5,894</u> | <u>153,139</u> | <u>12,311</u> |
| Total Liabilities and Deferred Inflows of Resources and Fund Balances | <u>\$143,136</u> | <u>\$10,462</u> | <u>\$159,796</u> | <u>\$13,058</u> |

CITY OF PAYETTE, IDAHO
 Combining Balance Sheet - Nonmajor Governmental Funds
 September 30, 2020

| | <u>Special Revenue Funds</u> | | <u>Capital Project</u> | <u>Total</u> |
|--|------------------------------|-----------------------------|------------------------|------------------|
| | <u>Revolving Loan</u> | <u>Health Insurance</u> | <u>Sidewalk</u> | |
| Assets | | | | |
| Cash & Investments | \$72,226 | \$150,973 | \$1,340 | \$480,322 |
| Receivables: | | | | |
| Taxes | | | | 27,766 |
| Intergovernmental | | | | 42,903 |
| Accounts | | | 1,616 | 1,616 |
| Due From Other Funds | | | | 0 |
| Total Assets | <u>\$72,226</u> | <u>\$150,973</u> | <u>\$2,956</u> | <u>\$552,607</u> |
| Liabilities | | | | |
| Accounts Payable & Accrued Expenses | | | | \$0 |
| Due To Other Funds | | | | 0 |
| Total Liabilities | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>0</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Tax Revenues | | | | 27,141 |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>27,141</u> |
| Fund Balances | | | | |
| Restricted - Special Programs | 72,226 | 150,973 | | 522,510 |
| Restricted - Debt Service | | | | 0 |
| Restricted - Capital Projects | | | 2,956 | 2,956 |
| Unassigned | | | | 0 |
| Total Fund Balances | <u>72,226</u> | <u>150,973</u> | <u>2,956</u> | <u>525,466</u> |
| Total Liabilities and Deferred Inflows of Resources and Fund Balances | <u>\$72,226</u> | <u>\$150,973</u> | <u>\$2,956</u> | <u>\$552,607</u> |

CITY OF PAYETTE, IDAHO

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2020

| | Special Revenue Funds | | | |
|--|------------------------------|----------------|-------------------|-----------------|
| | Library | Tort | Recreation | Airport |
| Revenues | | | | |
| Taxes, Penalties, & Interest | \$249,366 | \$71,972 | \$113,677 | \$14,147 |
| Licenses, Fees, & Charges | 8,172 | | 25,152 | 58,795 |
| Intergovernmental Revenue | 43,123 | | 115,513 | 4,136 |
| Investment Interest | 528 | 186 | 447 | 2 |
| Grants & Miscellaneous | 22,070 | | 98 | 8,000 |
| Total Revenues | <u>323,259</u> | <u>72,158</u> | <u>254,887</u> | <u>85,080</u> |
| Expenditures | | | | |
| Current Expenditures | | | | |
| General Government | | 103,171 | | |
| Public Safety | | | | |
| Streets & Parks | | | | |
| Airport | | | | 90,256 |
| Culture & Recreation | 297,552 | | 139,435 | |
| Debt Service | | | | |
| Capital Outlay | | | | |
| Total Expenditures | <u>297,552</u> | <u>103,171</u> | <u>139,435</u> | <u>90,256</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 25,707 | (31,013) | 115,452 | (5,176) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | | 23,000 | | |
| Transfers Out | | | | |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>23,000</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balances | 25,707 | (8,013) | 115,452 | (5,176) |
| Fund Balances - Beginning | 102,260 | 13,907 | 37,687 | 17,487 |
| Fund Balances - Ending | <u>\$127,967</u> | <u>\$5,894</u> | <u>\$153,139</u> | <u>\$12,311</u> |

CITY OF PAYETTE, IDAHO

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2020

| | <u>Special Revenue Funds</u> | | <u>Capital Project</u> | |
|--|------------------------------|-----------------------------|------------------------|------------------|
| | <u>Revolving Loan</u> | <u>Health Insurance</u> | <u>Sidewalk</u> | <u>Total</u> |
| Revenues | | | | |
| Taxes, Penalties, & Interest | | | | \$449,162 |
| Licenses, Fees, & Charges | | | \$2,956 | 95,075 |
| Intergovernmental Revenue | | | | 162,772 |
| Investment Interest | \$1,359 | \$875 | | 3,397 |
| Grants & Miscellaneous | 3,024 | 34,504 | | 67,696 |
| Total Revenues | <u>4,383</u> | <u>35,379</u> | <u>2,956</u> | <u>778,102</u> |
| Expenditures | | | | |
| Current Expenditures | | | | |
| General Government | | 12,673 | | 115,844 |
| Public Safety | | | | 0 |
| Streets & Parks | | | | 0 |
| Airport | | | | 90,256 |
| Culture & Recreation | | | | 436,987 |
| Debt Service | | | | 0 |
| Capital Outlay | | | | 0 |
| Total Expenditures | <u>0</u> | <u>12,673</u> | <u>0</u> | <u>643,087</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 4,383 | 22,706 | 2,956 | 135,015 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | | | | 23,000 |
| Transfers Out | (25,000) | | | (25,000) |
| Total Other Financing Sources (Uses) | <u>(25,000)</u> | <u>0</u> | <u>0</u> | <u>(2,000)</u> |
| Net Change in Fund Balances | (20,617) | 22,706 | 2,956 | 133,015 |
| Fund Balances - Beginning | 92,843 | 128,267 | 0 | 392,451 |
| Fund Balances - Ending | <u>\$72,226</u> | <u>\$150,973</u> | <u>\$2,956</u> | <u>\$525,466</u> |



**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 Payette, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Payette, Idaho (the City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the City's internal control or compliance. This 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. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
December 16, 2020