

City of Payette, Idaho

Year Ended September 30, 2021

Audited Financial Statements



CITY OF PAYETTE, IDAHO
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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States 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 1, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
December 1, 2021

CITY OF PAYETTE, IDAHO

Statement of Net Position

September 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Assets			
Current Assets			
Cash & Investments	\$2,913,278	\$7,334,885	\$10,248,163
Receivables:			
Taxes	130,715		130,715
Intergovernmental	273,753		273,753
Accounts	1,847	285,304	287,151
Total Current Assets	<u>3,319,593</u>	<u>7,620,189</u>	<u>10,939,782</u>
Noncurrent Assets			
Restricted Cash & Investments		262,315	262,315
Nondepreciable Capital Assets	788,449	728,318	1,516,767
Depreciable Net Capital Assets	6,739,121	6,585,688	13,324,809
Net Pension Asset - Base Plan	31,136	9,884	41,020
Net Pension Asset - FRF	1,060,500		1,060,500
Total Noncurrent Assets	<u>8,619,206</u>	<u>7,586,205</u>	<u>16,205,411</u>
Total Assets	<u>11,938,799</u>	<u>15,206,394</u>	<u>27,145,193</u>
Deferred Outflows of Resources			
Pension Deferred Outflows - Base Plan	451,732	143,401	595,133
Pension Deferred Outflows - FRF	3,871		3,871
Total Deferred Outflows of Resources	<u>455,603</u>	<u>143,401</u>	<u>599,004</u>
Total Assets and Deferred Outflows of Resources	<u>\$12,394,402</u>	<u>\$15,349,795</u>	<u>\$27,744,197</u>
Liabilities			
Current Liabilities			
Accounts Payable & Accrued Expenses		\$9,159	\$9,159
Deposits		94,600	94,600
Unearned Grant Revenue	\$831,024		831,024
Accrued Interest	24,301	18,241	42,542
Long-Term Debt & Obligations, Current	212,569	192,564	405,133
Total Current Liabilities	<u>1,067,894</u>	<u>314,564</u>	<u>1,382,458</u>
Noncurrent Liabilities			
Long-Term Debt & Obligations, Noncurrent	827,438	692,250	1,519,688
Total Noncurrent Liabilities	<u>827,438</u>	<u>692,250</u>	<u>1,519,688</u>
Total Liabilities	<u>1,895,332</u>	<u>1,006,814</u>	<u>2,902,146</u>
Deferred Inflows of Resources			
Pension Deferred Inflows - Base Plan	996,059	316,197	1,312,256
Pension Deferred Inflows - FRF	227,568		227,568
Total Deferred Inflows of Resources	<u>1,223,627</u>	<u>316,197</u>	<u>1,539,824</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,118,959</u>	<u>1,323,011</u>	<u>4,441,970</u>
Net Position			
Net Investment in Capital Assets	6,646,269	6,472,837	13,119,106
Restricted - Special Programs	1,057,695		1,057,695
Restricted - Debt Service	70,169	167,715	237,884
Restricted - Capital Projects	195,598	2,117,188	2,312,786
Unrestricted	1,305,712	5,269,044	6,574,756
Total Net Position	<u>9,275,443</u>	<u>14,026,784</u>	<u>23,302,227</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$12,394,402</u>	<u>\$15,349,795</u>	<u>\$27,744,197</u>

See Accompanying Notes

CITY OF PAYETTE, IDAHO

Statement of Activities

Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges For Services	Operating Grants And Contributions	
Primary Government				
Governmental Activities				
Current Expenditures				
General Government	\$756,879	\$76,680		\$181,456
Public Safety	1,837,026	186,110		
Streets & Parks	918,897	93,094		
Airport	111,010	11,246		
Culture & Recreation	495,088	50,158	\$14,007	
Debt Service - Interest	32,398			
Capital Assets	367,002			
Total Governmental Activities	<u>4,518,300</u>	<u>417,288</u>	<u>\$14,007</u>	<u>181,456</u>
Business-Type Activities				
Water Services	958,327	1,025,871		
Sewer Services	1,141,914	1,379,637		
Sanitation Services	416,987	465,739		
Total Business-Type Activities	<u>2,517,228</u>	<u>2,871,247</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$7,035,528</u>	<u>\$3,288,535</u>	<u>\$14,007</u>	<u>\$181,456</u>
		Governmental Activities	Business-Type Activities	Total Primary Government
Changes in Net Position				
Net (Expense) Revenue		(\$3,905,549)	\$354,019	(\$3,551,530)
General Revenues				
Taxes, Penalties, & Interest		2,585,514		2,585,514
Intergovernmental Revenue		1,526,566		1,526,566
Investment Interest		13,412	23,343	36,755
Miscellaneous		428,583	13,523	442,106
Pension (Expense) Revenue		264,209	17,569	281,778
Transfers		146,307	(146,307)	0
Total		<u>4,964,591</u>	<u>(91,872)</u>	<u>4,872,719</u>
Change in Net Position		1,059,042	262,147	1,321,189
Net Position - Beginning		8,216,401	13,764,637	21,981,038
Net Position - Ending		<u>\$9,275,443</u>	<u>\$14,026,784</u>	<u>\$23,302,227</u>

CITY OF PAYETTE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2021

	General Fund	Streets & Parks Fund	Debt Service Fund	Capital Improvements Fund
Assets				
Cash & Investments	\$857,971	\$429,346	\$70,043	\$1,005,688
Receivables:				
Taxes	68,507	36,330	2,583	956
Intergovernmental	179,357	42,007		
Accounts	20			
Due From Other Funds	490			
Total Assets	<u>\$1,106,345</u>	<u>\$507,683</u>	<u>\$72,626</u>	<u>\$1,006,644</u>
Liabilities				
Accounts Payable & Accrued Expenses				
Due To Other Funds				
Unearned Grant Revenue				\$831,024
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>831,024</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	65,113	34,427	2,457	880
Total Deferred Inflows of Resources	<u>65,113</u>	<u>34,427</u>	<u>2,457</u>	<u>880</u>
Fund Balances				
Restricted - Special Programs		473,256		
Restricted - Debt Service			70,169	
Restricted - Capital Projects				174,740
Unassigned	1,041,232			
Total Fund Balances	<u>1,041,232</u>	<u>473,256</u>	<u>70,169</u>	<u>174,740</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$1,106,345</u>	<u>\$507,683</u>	<u>\$72,626</u>	<u>\$1,006,644</u>

CITY OF PAYETTE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2021

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash & Investments	\$550,230	\$2,913,278
Receivables:		
Taxes	22,339	130,715
Intergovernmental	52,389	273,753
Accounts	1,827	1,847
Due From Other Funds	0	490
Total Assets	<u>\$626,785</u>	<u>\$3,320,083</u>
Liabilities		
Accounts Payable & Accrued Expenses	\$0	\$0
Due To Other Funds	490	490
Unearned Grant Revenue	0	831,024
Total Liabilities	<u>490</u>	<u>831,514</u>
Deferred Inflows of Resources		
Unavailable Tax Revenues	21,284	124,161
Total Deferred Inflows of Resources	<u>21,284</u>	<u>124,161</u>
Fund Balances		
Restricted - Special Programs	584,439	1,057,695
Restricted - Debt Service	0	70,169
Restricted - Capital Projects	20,858	195,598
Unassigned	(286)	1,040,946
Total Fund Balances	<u>605,011</u>	<u>2,364,408</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$626,785</u>	<u>\$3,320,083</u>

CITY OF PAYETTE, IDAHO
Balance Sheet - Governmental Funds
September 30, 2021

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

Total Governmental Fund Balances \$2,364,408

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. 7,527,570

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 124,161

Certain liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (1,064,308)

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. 323,612

Net Position of Governmental Activities \$9,275,443

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

	General Fund	Streets & Parks Fund	Debt Service Fund	Capital Improvements Fund
Revenues				
Taxes, Penalties, & Interest	\$1,471,550	\$627,622	\$53,890	\$3,188
Licenses, Fees, & Charges	202,766	36,005		
Intergovernmental Revenue	721,022	553,202		
Investment Interest	1,483	69	11,059	25
Grants & Miscellaneous	577,283	15,078		
Total Revenues	<u>2,974,104</u>	<u>1,231,976</u>	<u>64,949</u>	<u>3,213</u>
Expenditures				
Current Expenditures				
General Government	560,139			2,616
Public Safety	1,927,857			
Streets & Parks		964,332		
Airport				
Culture & Recreation				
Debt Service			61,699	
Capital Outlay	192,818	8,100		34,872
Total Expenditures	<u>2,680,814</u>	<u>972,432</u>	<u>61,699</u>	<u>37,488</u>
Excess (Deficiency) of Revenues Over Expenditures	293,290	259,544	3,250	(34,275)
Other Financing Sources (Uses)				
Transfers In	113,207	6,000		135,421
Transfers Out	(85,421)	(50,000)		
Total Other Financing Sources (Uses)	<u>27,786</u>	<u>(44,000)</u>	<u>0</u>	<u>135,421</u>
Net Change in Fund Balances	321,076	215,544	3,250	101,146
Fund Balances - Beginning	720,156	257,712	66,919	73,594
Fund Balances - Ending	<u>\$1,041,232</u>	<u>\$473,256</u>	<u>\$70,169</u>	<u>\$174,740</u>

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

	Other Governmental Funds	Total Governmental Funds
Revenues		
Taxes, Penalties, & Interest	\$456,740	\$2,612,990
Licenses, Fees, & Charges	178,517	417,288
Intergovernmental Revenue	252,342	1,526,566
Investment Interest	776	13,412
Grants & Miscellaneous	31,685	624,046
Total Revenues	<u>920,060</u>	<u>5,194,302</u>
Expenditures		
Current Expenditures		
General Government	231,548	794,303
Public Safety	0	1,927,857
Streets & Parks	0	964,332
Airport	116,498	116,498
Culture & Recreation	519,569	519,569
Debt Service	0	61,699
Capital Outlay	0	235,790
Total Expenditures	<u>867,615</u>	<u>4,620,048</u>
Excess (Deficiency) of Revenues Over Expenditures	52,445	574,254
Other Financing Sources (Uses)		
Transfers In	27,100	281,728
Transfers Out	0	(135,421)
Total Other Financing Sources (Uses)	<u>27,100</u>	<u>146,307</u>
Net Change in Fund Balances	79,545	720,561
Fund Balances - Beginning	525,466	1,643,847
Fund Balances - Ending	<u>\$605,011</u>	<u>\$2,364,408</u>

CITY OF PAYETTE, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2021

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 \$720,561

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. (131,212)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (27,476)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 28,493

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 808

In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds. (1,950)

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. 469,818

Change in Net Position of Governmental Activities \$1,059,042

CITY OF PAYETTE, IDAHO
Statement of Net Position - Proprietary Funds
September 30, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total Enterprise Funds</u>
Assets				
Current Assets				
Cash & Investments	\$2,586,480	\$4,748,405		\$7,334,885
Receivables:				
Accounts	87,843	152,518	\$44,943	285,304
Due From Other Funds	0	31,386		31,386
Total Current Assets	<u>2,674,323</u>	<u>4,932,309</u>	<u>44,943</u>	<u>7,651,575</u>
Noncurrent Assets				
Restricted Cash & Investments	94,600	167,715		262,315
Nondepreciable Capital Assets	239,550	488,768		728,318
Depreciable Net Capital Assets	2,773,512	3,812,176		6,585,688
Net Pension Asset - Base Plan	4,601	5,283		9,884
Total Noncurrent Assets	<u>3,112,263</u>	<u>4,473,942</u>	<u>0</u>	<u>7,586,205</u>
Total Assets	<u>5,786,586</u>	<u>9,406,251</u>	<u>44,943</u>	<u>15,237,780</u>
Deferred Outflows of Resources				
Pension Deferred Outflows - Base Plan	66,748	76,653		143,401
Total Deferred Outflows of Resources	<u>66,748</u>	<u>76,653</u>	<u>0</u>	<u>143,401</u>
Total Assets and Deferred Outflows of Resources	<u>\$5,853,334</u>	<u>\$9,482,904</u>	<u>\$44,943</u>	<u>\$15,381,181</u>
Liabilities				
Current Liabilities				
Accounts Payable & Accrued Expenses	\$8,748	\$351	\$60	\$9,159
Due To Other Funds	0	0	31,386	31,386
Deposits	94,600	0		94,600
Accrued Interest	0	18,241		18,241
Long-Term Debt & Obligations, Current	31,019	161,545		192,564
Total Current Liabilities	<u>134,367</u>	<u>180,137</u>	<u>31,446</u>	<u>345,950</u>
Noncurrent Liabilities				
Long-Term Debt & Obligations, Noncurrent	0	692,250		692,250
Total Noncurrent Liabilities	<u>0</u>	<u>692,250</u>	<u>0</u>	<u>692,250</u>
Total Liabilities	<u>134,367</u>	<u>872,387</u>	<u>31,446</u>	<u>1,038,200</u>
Deferred Inflows of Resources				
Pension Deferred Inflows - Base Plan	147,178	169,019		316,197
Total Deferred Inflows of Resources	<u>147,178</u>	<u>169,019</u>	<u>0</u>	<u>316,197</u>
Total Liabilities and Deferred Inflows of Resources	<u>281,545</u>	<u>1,041,406</u>	<u>31,446</u>	<u>1,354,397</u>
Net Position				
Net Investment in Capital Assets	3,013,062	3,459,775		6,472,837
Restricted - Debt Service	0	167,715		167,715
Restricted - Capital Projects	1,554,249	562,939		2,117,188
Unrestricted	1,004,478	4,251,069	13,497	5,269,044
Total Net Position	<u>5,571,789</u>	<u>8,441,498</u>	<u>13,497</u>	<u>14,026,784</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$5,853,334</u>	<u>\$9,482,904</u>	<u>\$44,943</u>	<u>\$15,381,181</u>

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended September 30, 2021

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$1,025,871	\$1,379,637	\$465,739	\$2,871,247
Miscellaneous	138	13,385		13,523
Total Operating Revenues	<u>1,026,009</u>	<u>1,393,022</u>	<u>465,739</u>	<u>2,884,770</u>
Operating Expenses				
Personnel	367,323	407,734		775,057
Goods & Services	368,826	431,683	416,987	1,217,496
Depreciation	222,178	274,355		496,533
Total Operating Expenses	<u>958,327</u>	<u>1,113,772</u>	<u>416,987</u>	<u>2,489,086</u>
Operating Income (Loss)	<u>67,682</u>	<u>279,250</u>	<u>48,752</u>	<u>395,684</u>
Nonoperating Revenues (Expenses)				
Interest Income	4,533	18,652	158	23,343
Interest Expense	0	(28,142)		(28,142)
Pension (Expense) Revenue	8,178	9,391		17,569
Total Nonoperating Revenue (Expenses)	<u>12,711</u>	<u>(99)</u>	<u>158</u>	<u>12,770</u>
Income (Loss) Before Transfers	80,393	279,151	48,910	408,454
Transfers In	0	0	0	0
Transfers Out	<u>(63,550)</u>	<u>(33,007)</u>	<u>(49,750)</u>	<u>(146,307)</u>
Change in Net Position	16,843	246,144	(840)	262,147
Net Position - Beginning	<u>5,554,946</u>	<u>8,195,354</u>	<u>14,337</u>	<u>13,764,637</u>
Net Position - Ending	<u><u>\$5,571,789</u></u>	<u><u>\$8,441,498</u></u>	<u><u>\$13,497</u></u>	<u><u>\$14,026,784</u></u>

CITY OF PAYETTE, IDAHO
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2021

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows From Operations				
Receipts from Customers	\$1,020,996	\$1,407,450	\$464,928	\$2,893,374
Payments for Personnel	(385,032)	(437,310)		(822,342)
Payments for Goods & Services	(366,225)	(431,683)	(416,987)	(1,214,895)
Cash Provided (Used) By Operations	<u>269,739</u>	<u>538,457</u>	<u>47,941</u>	<u>856,137</u>
Cash Flows From Noncapital Financing				
Transfers (to) from Other Funds	(63,550)	(33,007)	(49,750)	(146,307)
Cash Provided (Used) By Noncapital Financing	<u>(63,550)</u>	<u>(33,007)</u>	<u>(49,750)</u>	<u>(146,307)</u>
Cash Flows From Capital & Related Financing				
Acquisition of Capital Assets	(194,504)	(599,447)		(793,951)
Interest Paid on Debt		(29,869)		(29,869)
Principal Paid on Debt		(125,905)		(125,905)
Changes in Other Long-Term Obligations	(1,581)	(2,356)		(3,937)
Cash Provided (Used) By Capital & Related Financing	<u>(196,085)</u>	<u>(757,577)</u>	<u>0</u>	<u>(953,662)</u>
Cash Flows From Investments				
Investment Income	4,533	18,652	158	23,343
Cash Provided (Used) By Investments	<u>4,533</u>	<u>18,652</u>	<u>158</u>	<u>23,343</u>
Change in Cash & Investments	14,637	(233,475)	(1,651)	(220,489)
Cash & Investments - Beginning	<u>2,666,443</u>	<u>5,180,981</u>	<u>(29,735)</u>	<u>7,817,689</u>
Cash & Investments - Ending	<u>\$2,681,080</u>	<u>\$4,947,506</u>	<u>(\$31,386)</u>	<u>\$7,597,200</u>
Cash & Investments Reconciliation				
Cash & Investments	\$2,586,480	\$4,748,405		\$7,334,885
Restricted Cash & Investments	94,600	167,715		262,315
Due from Other Funds / (Due to Other Funds)		31,386	(\$31,386)	0
Total Cash & Investments	<u>\$2,681,080</u>	<u>\$4,947,506</u>	<u>(\$31,386)</u>	<u>\$7,597,200</u>
Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations				
Operating Income (Loss)	\$67,682	\$279,250	\$48,752	\$395,684
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:				
Depreciation	222,178	274,355		496,533
PERSI Contributions	(17,709)	(29,576)		(47,285)
Changes in Assets & Liabilities:				
Receivables	(613)	14,428	(811)	13,004
Accounts Payable & Accrued Expenses	2,601	0		2,601
Deposits	(4,400)	0		(4,400)
Cash Provided (Used) By Operations	<u>\$269,739</u>	<u>\$538,457</u>	<u>\$47,941</u>	<u>\$856,137</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 asset/liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the 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, 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:

	Governmental Funds	Proprietary Funds	Total
Cash - Deposits	\$644,775		\$644,775
Investments - Local Gov't Investment Pool	2,268,503	\$7,597,200	9,865,703
Total	\$2,913,278	\$7,597,200	\$10,510,478

Deposits – At year end, the carrying amounts of the City's deposits were \$644,775 and the bank balances were \$1,528,965. Of the bank balances, \$250,000 was insured and the remainder was uninsured and uncollateralized.

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

Interest rate risk:

<u>Investment Type</u>	Investment Maturity Schedule (In Years)	
	Less Than 1	Total
Local Gov't Invest Pool	\$9,865,703	\$9,865,703
Total	\$9,865,703	\$9,865,703

Credit rate risk:

<u>Investment Type</u>	Investment Rating Schedule	
	Not Rated	Total
Local Gov't Invest Pool	\$9,865,703	\$9,865,703
Total	\$9,865,703	\$9,865,703

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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 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:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$788,449			\$788,449
Total	788,449	\$0	\$0	788,449
Depreciable Capital Assets				
Buildings	4,763,021	194,190		4,957,211
Equipment	3,826,672	41,600		3,868,272
Improvements	4,671,300			4,671,300
Subtotal	13,260,993	235,790	0	13,496,783
Accumulated Depreciation				
Buildings	1,481,131	91,119		1,572,250
Equipment	3,127,180	138,348		3,265,528
Improvements	1,782,349	137,535		1,919,884
Subtotal	6,390,660	367,002	0	6,757,662
Total	6,870,333	(131,212)	0	6,739,121
Net Capital Assets	\$7,658,782	(\$131,212)	\$0	\$7,527,570

Depreciation expense of \$367,002 was charged to the capital assets program.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
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	2,593,780			2,593,780
Improvements	13,328,355	793,951		14,122,306
Subtotal	<u>16,348,767</u>	<u>793,951</u>	<u>0</u>	<u>17,142,718</u>
Accumulated Depreciation				
Buildings	285,826	6,383		292,209
Equipment	2,011,691	133,468		2,145,159
Improvements	7,762,980	356,682		8,119,662
Subtotal	<u>10,060,497</u>	<u>496,533</u>	<u>0</u>	<u>10,557,030</u>
Total	<u>6,288,270</u>	<u>297,418</u>	<u>0</u>	<u>6,585,688</u>
Net Capital Assets	<u>\$7,016,588</u>	<u>\$297,418</u>	<u>\$0</u>	<u>\$7,314,006</u>

Depreciation expense of \$222,178 and \$274,355 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:

	<u>Outstanding</u>
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>\$857,000</u>
Total	<u><u>\$857,000</u></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>
9/30/22	\$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	34,251	27,448
9/30/27-31	191,513	116,982
9/30/32-36	230,221	78,274
9/30/37-41	275,950	31,747
Total	<u><u>\$857,000</u></u>	<u><u>\$376,182</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>\$699,389</u>
Total	<u><u>\$699,389</u></u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
9/30/22	\$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	53,046	15,066
9/30/27-31	290,074	50,486
9/30/32-34	159,093	8,561
Total	<u><u>\$699,389</u></u>	<u><u>\$149,385</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>\$123,539</u>
Total	<u><u>\$123,539</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>
9/30/22	\$83,548	\$4,114
9/30/23	39,991	800
Total	<u>\$123,539</u>	<u>\$4,914</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>
Governmental Act.					
2010 GO Bond #97-05	\$885,493		\$28,493	\$857,000	\$29,562
Comp. Absences	181,057	\$1,950		183,007	183,007
Subtotal	<u>1,066,550</u>	<u>1,950</u>	<u>28,493</u>	<u>1,040,007</u>	<u>212,569</u>
Business-Type Act.					
2010 SR Bond #92-04	745,147		45,758	699,389	47,130
Sewer Revenue Loan	203,686		80,147	123,539	83,548
Comp. Absences	65,823		3,937	61,886	61,886
Subtotal	<u>1,014,656</u>	<u>0</u>	<u>129,842</u>	<u>884,814</u>	<u>192,564</u>
Total	<u>\$2,081,206</u>	<u>\$1,950</u>	<u>\$158,335</u>	<u>\$1,924,821</u>	<u>\$405,133</u>

Interest and related costs during the year amounted to \$32,398 and \$28,142 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 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% 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 \$255,349 for the year ended September 30, 2021.

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

At September 30, 2021, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset 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 Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the City's proportion was 0.0519387 percent.

For the year ended September 30, 2021, the City recognized pension expense (revenue) of (\$72,914). At September 30, 2021, 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	\$60,438	\$23,845
Changes in assumptions or other inputs	470,858	
Net difference between projected and actual earnings on pension plan investments		1,288,411
Employer contributions subsequent to the measurement date	63,837	
Total	\$595,133	\$1,312,256

\$63,837 reported as deferred outflows of resources related to pensions resulting from City contributions made subsequent to the measurement date will be recognized as an adjustment to the pension expense in the year ending September 30, 2022.

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

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

Year Ended			
9/30/22			(\$183,708)
9/30/23			(165,558)
9/30/24			(144,679)
9/30/25			(287,014)
Total			(\$780,959)

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 asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate 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 2021.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Capital Market Assumptions from Callan 2021

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%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.15%	3.06%

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 2021

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return*	6.35%
*Net of Investment Expenses	

Discount Rate

The discount rate used to measure the total pension asset was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. 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 asset to changes in the discount rate.

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	\$1,425,947	(\$41,020)	(\$1,243,523)

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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.

As of June 30, 2021, the total employer rate was 12.28%. The FRF member rate for the year for class B is 9.13%. The City's contributions were \$15,484 for the year ended September 30, 2021.

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

At September 30, 2021, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension asset 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, 2021, the City's proportion was 0.3924482 percent.

For the year ended September 30, 2021, the City recognized pension expense (revenue) of (\$208,864). At September 30, 2021, 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		\$227,568
Employer contributions subsequent to the measurement date	\$3,871	
Total	\$3,871	\$227,568

\$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 adjustment to the pension expense in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020 the beginning of the measurement period ended June 30, 2021 is 1.0 year and 1.0 year for the measurement period June 30, 2021.

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Year Ended	
9/30/22	(\$58,030)
9/30/23	(54,201)
9/30/24	(50,645)
9/30/25	(64,692)
Total	<u><u>(\$227,568)</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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%*
Investment rate of return	6.35%, net of investment expenses
Cost-of-living (COLA) adjustments	**

*3.05% or 1.00% depending on whether the member was hired on or before July 1, 2012.

**There is an additional component of assumed salary grown (on top of the 3.05%) that varies for each individual member based on years of service.

Contributing Members, Service Retirement Members, and Beneficiaries

Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate 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 FRF relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the FRF uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the FRF's asset allocation. The assumptions and the FRF's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of FRF's assets.

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

Capital Market Assumptions from Callan 2021

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%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.15%	3.06%

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 2021

Valuation Assumptions Chosen by PERSI Board	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	2.30%
Long-Term Expected Geometric Rate of Return*	6.35%
*Net of Investment Expenses	

Discount Rate

The discount rate used to measure the total pension asset was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. 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 asset to changes in the discount rate.

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
City's proportionate share of the net pension liability (asset)	(\$973,954)	(\$1,060,500)	(\$1,135,398)

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	Nonmajor Governmental	Total
General		\$490	\$490
Sewer	\$31,386		31,386
Total	\$31,386	\$490	\$31,876

These interfund balance resulted from fund expenditures / transfers in excess of cash balances. They are anticipated to be reimbursed in future years from 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	\$113,207	\$85,421	Support
Street & Parks	6,000	50,000	Support
Capital Improvements	135,421		Support
Nonmajor Governmental	27,100		Support
Water		63,550	Support
Sewer		33,007	Support
Sanitation		49,750	Support
Total	<u>\$281,728</u>	<u>\$281,728</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, 2021

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes, Penalties, & Interest	\$1,444,047	\$1,444,047	\$1,471,550	\$27,503
Licenses, Fees, & Charges	159,500	159,500	202,766	43,266
Intergovernmental Revenue	464,171	464,171	721,022	256,851
Investment Interest	12,000	12,000	1,483	(10,517)
Grants & Miscellaneous	104,522	276,649	577,283	300,634
Total Revenues	<u>2,184,240</u>	<u>2,356,367</u>	<u>2,974,104</u>	<u>617,737</u>
Expenditures				
Current Expenditures				
General Government	601,569	571,357	560,139	11,218
Public Safety	1,933,092	1,935,431	1,927,857	7,574
Streets & Parks	0	0	0	0
Airport	0	0	0	0
Culture & Recreation	0	0	0	0
Capital Outlay	45,910	245,910	192,818	53,092
Total Expenditures	<u>2,580,571</u>	<u>2,752,698</u>	<u>2,680,814</u>	<u>71,884</u> *
Excess (Deficiency) of Revenues Over Expenditures				
	(396,331)	(396,331)	293,290	689,621
Other Financing Sources (Uses)				
Transfers In	248,547	248,547	113,207	(135,340)
Transfers Out	(99,809)	(99,809)	(85,421)	14,388
Total Other Financing Sources (Uses)	<u>148,738</u>	<u>148,738</u>	<u>27,786</u>	<u>(120,952)</u>
Net Change in Fund Balances	(247,593)	(247,593)	321,076	568,669
Fund Balances - Beginning	247,593	247,593	720,156	472,563
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$1,041,232</u>	<u>\$1,041,232</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$86,272</u>

CITY OF PAYETTE, IDAHO
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended September 30, 2021

Streets & Parks Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final		Positive
				(Negative)
Revenues				
Taxes, Penalties, & Interest	\$599,476	\$599,476	\$627,622	\$28,146
Licenses, Fees, & Charges	51,600	51,600	36,005	(15,595)
Intergovernmental Revenue	422,313	422,313	553,202	130,889
Investment Interest	500	500	69	(431)
Grants & Miscellaneous	314,090	14,000	15,078	1,078
Total Revenues	<u>1,387,979</u>	<u>1,087,889</u>	<u>1,231,976</u>	<u>144,087</u>
Expenditures				
Current Expenditures				
General Government	0	0	0	0
Public Safety	0	0	0	0
Streets & Parks	1,021,689	1,021,689	964,332	57,357
Airport	0	0	0	0
Culture & Recreation	0	0	0	0
Capital Outlay	372,290	72,200	8,100	64,100
Total Expenditures	<u>1,393,979</u>	<u>1,093,889</u>	<u>972,432</u>	<u>121,457</u> *
Excess (Deficiency) of Revenues				
Over Expenditures	(6,000)	(6,000)	259,544	265,544
Other Financing Sources (Uses)				
Transfers In	6,000	6,000	6,000	0
Transfers Out	(50,000)	(50,000)	(50,000)	0 *
Total Other Financing Sources (Uses)	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>0</u>
Net Change in Fund Balances	(50,000)	(50,000)	215,544	265,544
Fund Balances - Beginning	50,000	50,000	257,712	207,712
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$473,256</u>	<u>\$473,256</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$121,457</u>

CITY OF PAYETTE, IDAHO

Schedule of Employer's Share of Net Pension Asset and Liability

PERSI - Base Plan

Last 10 - Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's portion of the net pension asset/liability	0.0519387%	0.0551072%	0.0577812%
City's proportionate share of the net pension (asset) liability	(\$41,020)	\$1,279,662	\$659,556
City's covered payroll	\$1,938,283	\$1,962,303	\$1,962,482
City's proportional share of the net pension asset/liability as a percentage of its covered payroll	-2.12%	65.21%	33.61%
Plan fiduciary net position as a percentage of the total pension asset/liability	100.36%	88.22%	93.79%
	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's portion of the net pension asset/liability	0.0579344%	0.0602134%	0.0613316%
City's proportionate share of the net pension (asset) liability	\$854,543	\$946,451	\$1,243,286
City's covered payroll	\$1,863,958	\$1,870,186	\$2,083,975
City's proportional share of the net pension asset/liability as a percentage of its covered payroll	45.85%	50.61%	59.66%
Plan fiduciary net position as a percentage of the total pension asset/liability	91.69%	90.68%	87.26%
	<u>2015</u>		
City's portion of the net pension asset/liability			0.0639491%
City's proportionate share of the net pension (asset) liability			\$842,106
City's covered payroll			\$1,961,166
City's proportional share of the net pension asset/liability as a percentage of its covered payroll			42.94%
Plan fiduciary net position as a percentage of the total pension asset/liability			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>2021</u>	<u>2020</u>	<u>2019</u>
City's portion of the net pension asset	0.3924482%	0.3924482%	0.3648411%
City's proportionate share of the net pension asset	\$1,060,500	\$584,352	\$524,472
City's covered payroll	\$126,091	\$59,715	\$56,606
City's proportional share of the net pension asset as a percentage of its covered payroll	841.06%	978.57%	926.53%
Plan fiduciary net position as a percentage of the total pension asset	211.83%	155.55%	152.74%
	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's portion of the net pension asset	0.3255957%	0.2932171%	0.2981617%
City's proportionate share of the net pension asset	\$368,477	\$251,567	\$160,257
City's covered payroll	\$48,155	\$42,292	\$40,273
City's proportional share of the net pension asset as a percentage of its covered payroll	765.19%	594.83%	397.93%
Plan fiduciary net position as a percentage of the total pension asset	140.15%	129.65%	118.42%
	<u>2015</u>		
	0.2481620%		
			\$134,034
			\$61,091
			219.40%
			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>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$255,349	\$266,897	\$264,590
Contributions in relation to the statutorily required contribution	<u>\$255,349</u>	<u>\$266,897</u>	<u>\$264,590</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$2,138,601	\$2,235,318	\$2,307,025
Contributions as a percentage of covered payroll	11.94%	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	<u>\$244,210</u>	<u>\$236,977</u>	<u>\$235,906</u>	<u>\$222,004</u>
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>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$15,484	\$15,484	\$12,455
Contributions in relation to the statutorily required contribution	\$15,484	\$15,484	\$12,455
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$126,091	\$59,715	\$49,210
Contributions as a percentage of covered payroll	12.28%	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, 2021

	<u>Special Revenue Funds</u>			
	<u>Library</u>	<u>Tort</u>	<u>Recreation</u>	<u>Airport</u>
Assets				
Cash & Investments	\$145,077		\$267,377	\$13,461
Receivables:				
Taxes	12,821	\$4,003	4,982	533
Intergovernmental Accounts	12,721		38,074	1,594
Due From Other Funds				
Total Assets	<u>\$170,619</u>	<u>\$4,003</u>	<u>\$310,433</u>	<u>\$15,588</u>
Liabilities				
Accounts Payable & Accrued Expenses				
Due To Other Funds		\$490		
Unearned Grant Revenue				
Total Liabilities	<u>\$0</u>	<u>490</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	12,192	3,799	4,779	514
Total Deferred Inflows of Resources	<u>12,192</u>	<u>3,799</u>	<u>4,779</u>	<u>514</u>
Fund Balances				
Restricted - Special Programs	158,427		305,654	15,074
Restricted - Debt Service				
Restricted - Capital Projects				
Unassigned		(286)		
Total Fund Balances	<u>158,427</u>	<u>(286)</u>	<u>305,654</u>	<u>15,074</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$170,619</u>	<u>\$4,003</u>	<u>\$310,433</u>	<u>\$15,588</u>

CITY OF PAYETTE, IDAHO
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2021

	<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	\$75,468	\$29,816	\$19,031	\$550,230
Receivables:				
Taxes				22,339
Intergovernmental				52,389
Accounts			1,827	1,827
Due From Other Funds				0
Total Assets	<u>\$75,468</u>	<u>\$29,816</u>	<u>\$20,858</u>	<u>\$626,785</u>
Liabilities				
Accounts Payable & Accrued Expenses				\$0
Due To Other Funds				490
Unearned Grant Revenue				0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>490</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues				21,284
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,284</u>
Fund Balances				
Restricted - Special Programs	75,468	29,816		584,439
Restricted - Debt Service				0
Restricted - Capital Projects			20,858	20,858
Unassigned				(286)
Total Fund Balances	<u>75,468</u>	<u>29,816</u>	<u>20,858</u>	<u>605,011</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$75,468</u>	<u>\$29,816</u>	<u>\$20,858</u>	<u>\$626,785</u>

CITY OF PAYETTE, IDAHO

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2021

	Special Revenue Funds			
	Library	Tort	Recreation	Airport
Revenues				
Taxes, Penalties, & Interest	\$258,800	\$77,094	\$120,402	\$444
Licenses, Fees, & Charges	11,187		43,578	105,850
Intergovernmental Revenue	52,517		194,861	4,964
Investment Interest	179	17	359	3
Grants & Miscellaneous	18,838		1,823	8,000
Total Revenues	<u>341,521</u>	<u>77,111</u>	<u>361,023</u>	<u>119,261</u>
Expenditures				
Current Expenditures				
General Government		110,391		
Public Safety				
Streets & Parks				
Airport				116,498
Culture & Recreation	311,061		208,508	
Debt Service				
Capital Outlay				
Total Expenditures	<u>311,061</u>	<u>110,391</u>	<u>208,508</u>	<u>116,498</u>
Excess (Deficiency) of Revenues Over Expenditures	30,460	(33,280)	152,515	2,763
Other Financing Sources (Uses)				
Transfers In		27,100		
Transfers Out				
Total Other Financing Sources (Uses)	<u>0</u>	<u>27,100</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	30,460	(6,180)	152,515	2,763
Fund Balances - Beginning	127,967	5,894	153,139	12,311
Fund Balances - Ending	<u>\$158,427</u>	<u>(\$286)</u>	<u>\$305,654</u>	<u>\$15,074</u>

CITY OF PAYETTE, IDAHO

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2021

	Special Revenue Funds		Capital Project	
	Revolving Loan	Health Insurance	Sidewalk	Total
Revenues				
Taxes, Penalties, & Interest				\$456,740
Licenses, Fees, & Charges			\$17,902	178,517
Intergovernmental Revenue				252,342
Investment Interest	\$218			776
Grants & Miscellaneous	3,024			31,685
Total Revenues	<u>3,242</u>	<u>\$0</u>	<u>17,902</u>	<u>920,060</u>
Expenditures				
Current Expenditures				
General Government		121,157		231,548
Public Safety				0
Streets & Parks				0
Airport				116,498
Culture & Recreation				519,569
Debt Service				0
Capital Outlay				0
Total Expenditures	<u>0</u>	<u>121,157</u>	<u>0</u>	<u>867,615</u>
Excess (Deficiency) of Revenues Over Expenditures	3,242	(121,157)	17,902	52,445
Other Financing Sources (Uses)				
Transfers In				27,100
Transfers Out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,100</u>
Net Change in Fund Balances	3,242	(121,157)	17,902	79,545
Fund Balances - Beginning	<u>72,226</u>	<u>150,973</u>	<u>2,956</u>	<u>525,466</u>
Fund Balances - Ending	<u><u>\$75,468</u></u>	<u><u>\$29,816</u></u>	<u><u>\$20,858</u></u>	<u><u>\$605,011</u></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, 2021, 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 1, 2021.

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 1, 2021