

# City of Payette, Idaho

Year Ended September 30, 2022

## 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**

#### ***Opinions***

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

In our opinion, 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, 2022, 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.

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

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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.

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents 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. 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 7, 2022, 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 7, 2022

**CITY OF PAYETTE, IDAHO**

Statement of Net Position

September 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Assets</b>			
Current Assets			
Cash & Investments	\$4,025,734	\$7,703,055	\$11,728,789
Receivables:			
Taxes	129,195		129,195
Intergovernmental	386,400		386,400
Accounts	1,910	351,838	353,748
Total Current Assets	<u>4,543,239</u>	<u>8,054,893</u>	<u>12,598,132</u>
Noncurrent Assets			
Restricted Cash & Investments		270,040	270,040
Nondepreciable Capital Assets	788,449	728,318	1,516,767
Depreciable Net Capital Assets	6,712,811	6,546,382	13,259,193
Net Pension Asset - FRF	805,661		805,661
Total Noncurrent Assets	<u>8,306,921</u>	<u>7,544,740</u>	<u>15,851,661</u>
<b>Total Assets</b>	<u>12,850,160</u>	<u>15,599,633</u>	<u>28,449,793</u>
<b>Deferred Outflows of Resources</b>			
Pension Items - Base Plan	811,195	257,539	1,068,734
Pension Items - FRF	85,705		85,705
<b>Total Deferred Outflows of Resources</b>	<u>896,900</u>	<u>257,539</u>	<u>1,154,439</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$13,747,060</u>	<u>\$15,857,172</u>	<u>\$29,604,232</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable & Accrued Expenses	\$2,679	\$11,850	\$14,529
Deposits		102,325	102,325
Unearned Grant Revenue	1,422,500		1,422,500
Accrued Interest	23,463	16,510	39,973
Long-Term Liabilities, Current	203,511	169,256	372,767
Total Current Liabilities	<u>1,652,153</u>	<u>299,941</u>	<u>1,952,094</u>
Noncurrent Liabilities			
Long-Term Liabilities, Noncurrent	2,318,752	1,086,983	3,405,735
Total Noncurrent Liabilities	<u>2,318,752</u>	<u>1,086,983</u>	<u>3,405,735</u>
<b>Total Liabilities</b>	<u>3,970,905</u>	<u>1,386,924</u>	<u>5,357,829</u>
<b>Deferred Inflows of Resources</b>			
Pension Items - Base Plan	6,851	2,099	8,950
<b>Total Deferred Inflows of Resources</b>	<u>6,851</u>	<u>2,099</u>	<u>8,950</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>3,977,756</u>	<u>1,389,023</u>	<u>5,366,779</u>
<b>Net Position</b>			
Net Investment in Capital Assets	6,650,359	6,565,940	13,216,299
Restricted - Special Programs	1,543,914		1,543,914
Restricted - Debt Service	72,058	167,715	239,773
Restricted - Capital Projects	306,370	2,466,478	2,772,848
Unrestricted	1,196,603	5,268,016	6,464,619
<b>Total Net Position</b>	<u>9,769,304</u>	<u>14,468,149</u>	<u>24,237,453</u>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<u>\$13,747,060</u>	<u>\$15,857,172</u>	<u>\$29,604,232</u>

See Accompanying Notes

**CITY OF PAYETTE, IDAHO**

Statement of Activities

Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges For Services	Operating Grants And Contributions	
<b>Primary Government</b>				
<b>Governmental Activities</b>				
Current Expenditures				
General Government	\$689,693	\$80,648		(\$609,045)
Public Safety	1,957,738	228,923		(1,728,815)
Streets & Parks	947,117	110,749		(687,692)
Airport	102,914	12,034		(90,880)
Culture & Recreation	592,744	69,311	\$5,340	(518,093)
Debt Service - Interest	31,299			(31,299)
Capital Assets	367,948			(128,401)
<b>Total Governmental Activities</b>	<b>4,689,453</b>	<b>501,665</b>	<b>\$5,340</b>	<b>(3,794,225)</b>
<b>Business-Type Activities</b>				
Water Services	974,084	1,218,223		244,139
Sewer Services	1,224,729	1,556,772		332,043
Sanitation Services	437,362	495,525		58,163
<b>Total Business-Type Activities</b>	<b>2,636,175</b>	<b>3,270,520</b>	<b>0</b>	<b>634,345</b>
<b>Total Primary Government</b>	<b>\$7,325,628</b>	<b>\$3,772,185</b>	<b>\$5,340</b>	<b>(\$3,159,880)</b>
		<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Changes in Net Position</b>				
<b>Net (Expense) Revenue</b>		(\$3,794,225)	\$634,345	(\$3,159,880)
<b>General Revenues</b>				
Taxes, Penalties, & Interest		2,829,317		2,829,317
Intergovernmental Revenue		1,525,273		1,525,273
Investment Interest		21,038	53,032	74,070
Miscellaneous		115,829	20,616	136,445
Pension Revenue (Expense)		(347,311)	(122,688)	(469,999)
Transfers		143,940	(143,940)	0
<b>Total</b>		<b>4,288,086</b>	<b>(192,980)</b>	<b>4,095,106</b>
<b>Change in Net Position</b>		<b>493,861</b>	<b>441,365</b>	<b>935,226</b>
<b>Net Position - Beginning</b>		<b>9,275,443</b>	<b>14,026,784</b>	<b>23,302,227</b>
<b>Net Position - Ending</b>		<b>\$9,769,304</b>	<b>\$14,468,149</b>	<b>\$24,237,453</b>

**CITY OF PAYETTE, IDAHO**  
 Balance Sheet - Governmental Funds  
 September 30, 2022

	<u>General Fund</u>	<u>Streets &amp; Parks Fund</u>	<u>Debt Service Fund</u>	<u>Capital Improvements Fund</u>
<b>Assets</b>				
Cash & Investments	\$827,564	\$790,756	\$71,857	\$1,693,459
Receivables:				
Taxes	65,480	37,601	2,644	1,126
Intergovernmental Accounts	243,791	97,909		
Due From Other Funds				
<b>Total Assets</b>	<u>\$1,136,835</u>	<u>\$926,266</u>	<u>\$74,501</u>	<u>\$1,694,585</u>
<b>Liabilities</b>				
Accounts Payable & Accrued Expenses		\$2,679		
Due To Other Funds				
Unearned Grant Revenue				\$1,422,500
<b>Total Liabilities</b>	<u>\$0</u>	<u>2,679</u>	<u>\$0</u>	<u>1,422,500</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues	60,610	34,795	2,443	1,055
<b>Total Deferred Inflows of Resources</b>	<u>60,610</u>	<u>34,795</u>	<u>2,443</u>	<u>1,055</u>
<b>Fund Balances</b>				
Restricted - Special Programs		888,792		
Restricted - Debt Service			72,058	
Restricted - Capital Projects				271,030
Unassigned	1,076,225			
<b>Total Fund Balances</b>	<u>1,076,225</u>	<u>888,792</u>	<u>72,058</u>	<u>271,030</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$1,136,835</u>	<u>\$926,266</u>	<u>\$74,501</u>	<u>\$1,694,585</u>



**CITY OF PAYETTE, IDAHO**  
 Balance Sheet - Governmental Funds  
 September 30, 2022

	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>		
Cash & Investments	\$642,098	\$4,025,734
Receivables:		
Taxes	22,344	129,195
Intergovernmental	44,700	386,400
Accounts	1,910	1,910
Due From Other Funds	0	0
<b>Total Assets</b>	<b>\$711,052</b>	<b>\$4,543,239</b>
<b>Liabilities</b>		
Accounts Payable & Accrued Expenses	\$0	\$2,679
Due To Other Funds	0	0
Unearned Grant Revenue	0	1,422,500
<b>Total Liabilities</b>	<b>0</b>	<b>1,425,179</b>
<b>Deferred Inflows of Resources</b>		
Unavailable Tax Revenues	20,590	119,493
<b>Total Deferred Inflows of Resources</b>	<b>20,590</b>	<b>119,493</b>
<b>Fund Balances</b>		
Restricted - Special Programs	655,122	1,543,914
Restricted - Debt Service	0	72,058
Restricted - Capital Projects	35,340	306,370
Unassigned	0	1,076,225
<b>Total Fund Balances</b>	<b>690,462</b>	<b>2,998,567</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$711,052</b>	<b>\$4,543,239</b>

**CITY OF PAYETTE, IDAHO**  
Balance Sheet - Governmental Funds  
September 30, 2022

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

**Total Governmental Fund Balances** \$2,998,567

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. 7,501,260

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 119,493

Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (2,545,726)

Net pension asset and deferred outflows/inflows related to pensions are not due and payable in the current period and therefore are not reported in the funds. 1,695,710

**Net Position of Governmental Activities** \$9,769,304

**CITY OF PAYETTE, IDAHO**

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended September 30, 2022

	<b>General Fund</b>	<b>Streets &amp; Parks Fund</b>	<b>Debt Service Fund</b>	<b>Capital Improvements Fund</b>
<b>Revenues</b>				
Taxes, Penalties, & Interest	\$1,484,275	\$806,167	\$52,973	\$40,816
Licenses, Fees, & Charges	218,540	62,600		
Intergovernmental Revenue	891,578	432,309		
Investment Interest	7,433	903	10,615	53
Grants & Miscellaneous	56,676	183,801		239,547
<b>Total Revenues</b>	<u>2,658,502</u>	<u>1,485,780</u>	<u>63,588</u>	<u>280,416</u>
<b>Expenditures</b>				
Current Expenditures				
General Government	607,668			
Public Safety	2,052,468			
Streets & Parks		992,945		
Airport				
Culture & Recreation				
Debt Service			61,699	
Capital Outlay	60,792	41,299		239,547
<b>Total Expenditures</b>	<u>2,720,928</u>	<u>1,034,244</u>	<u>61,699</u>	<u>239,547</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(62,426)	451,536	1,889	40,869
<b>Other Financing Sources (Uses)</b>				
Transfers In	112,840	14,000		65,421
Transfers Out	(15,421)	(50,000)		(10,000)
<b>Total Other Financing Sources (Uses)</b>	<u>97,419</u>	<u>(36,000)</u>	<u>0</u>	<u>55,421</u>
<b>Net Change in Fund Balances</b>	34,993	415,536	1,889	96,290
<b>Fund Balances - Beginning</b>	<u>1,041,232</u>	<u>473,256</u>	<u>70,169</u>	<u>174,740</u>
<b>Fund Balances - Ending</b>	<u><u>\$1,076,225</u></u>	<u><u>\$888,792</u></u>	<u><u>\$72,058</u></u>	<u><u>\$271,030</u></u>

**CITY OF PAYETTE, IDAHO**

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended September 30, 2022

	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>
<b>Revenues</b>		
Taxes, Penalties, & Interest	\$449,755	\$2,833,986
Licenses, Fees, & Charges	220,525	501,665
Intergovernmental Revenue	201,386	1,525,273
Investment Interest	2,034	21,038
Grants & Miscellaneous	29,368	509,392
<b>Total Revenues</b>	<u>903,068</u>	<u>5,391,354</u>
 <b>Expenditures</b>		
Current Expenditures		
General Government	115,397	723,065
Public Safety	0	2,052,468
Streets & Parks	0	992,945
Airport	107,894	107,894
Culture & Recreation	621,426	621,426
Debt Service	0	61,699
Capital Outlay	0	341,638
<b>Total Expenditures</b>	<u>844,717</u>	<u>4,901,135</u>
 <b>Excess (Deficiency) of Revenues Over Expenditures</b>	58,351	490,219
<b>Other Financing Sources (Uses)</b>		
Transfers In	27,100	219,361
Transfers Out	0	(75,421)
<b>Total Other Financing Sources (Uses)</b>	<u>27,100</u>	<u>143,940</u>
 <b>Net Change in Fund Balances</b>	85,451	634,159
 <b>Fund Balances - Beginning</b>	<u>605,011</u>	<u>2,364,408</u>
<b>Fund Balances - Ending</b>	<u><u>\$690,462</u></u>	<u><u>\$2,998,567</u></u>

**CITY OF PAYETTE, IDAHO**  
Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended September 30, 2022

**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** \$634,159

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. (26,310)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (4,669)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position. 29,562

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 838

In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds. 10,166

Changes in net pension asset/liability and related pension deferred outflows and deferred inflows do not provide or require current financial resources and therefore are not reflected in the funds. (149,885)

**Change in Net Position of Governmental Activities** \$493,861

**CITY OF PAYETTE, IDAHO**  
Statement of Net Position - Proprietary Funds  
September 30, 2022

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>				
Current Assets				
Cash & Investments	\$2,705,861	\$4,997,194		\$7,703,055
Receivables:				
Accounts	119,286	185,499	\$47,053	351,838
Due From Other Funds	0	26,662		26,662
Total Current Assets	<u>2,825,147</u>	<u>5,209,355</u>	<u>47,053</u>	<u>8,081,555</u>
Noncurrent Assets				
Restricted Cash & Investments	102,325	167,715		270,040
Nondepreciable Capital Assets	239,550	488,768		728,318
Depreciable Net Capital Assets	2,803,677	3,742,705		6,546,382
Total Noncurrent Assets	<u>3,145,552</u>	<u>4,399,188</u>	<u>0</u>	<u>7,544,740</u>
<b>Total Assets</b>	<u>5,970,699</u>	<u>9,608,543</u>	<u>47,053</u>	<u>15,626,295</u>
<b>Deferred Outflows of Resources</b>				
Pension Items - Base Plan	119,886	137,653		257,539
<b>Total Deferred Outflows of Resources</b>	<u>119,886</u>	<u>137,653</u>	<u>0</u>	<u>257,539</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$6,090,585</u>	<u>\$9,746,196</u>	<u>\$47,053</u>	<u>\$15,883,834</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable & Accrued Expenses	\$9,492	\$2,298	\$60	\$11,850
Due To Other Funds	0	0	26,662	26,662
Deposits	102,325	0		102,325
Accrued Interest	0	16,510		16,510
Long-Term Liabilities, Current	40,926	128,330		169,256
Total Current Liabilities	<u>152,743</u>	<u>147,138</u>	<u>26,722</u>	<u>326,603</u>
Noncurrent Liabilities				
Long-Term Liabilities, Noncurrent	224,991	861,992		1,086,983
Total Noncurrent Liabilities	<u>224,991</u>	<u>861,992</u>	<u>0</u>	<u>1,086,983</u>
<b>Total Liabilities</b>	<u>377,734</u>	<u>1,009,130</u>	<u>26,722</u>	<u>1,413,586</u>
<b>Deferred Inflows of Resources</b>				
Pension Items - Base Plan	946	1,153		2,099
<b>Total Deferred Inflows of Resources</b>	<u>946</u>	<u>1,153</u>	<u>0</u>	<u>2,099</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>378,680</u>	<u>1,010,283</u>	<u>26,722</u>	<u>1,415,685</u>
<b>Net Position</b>				
Net Investment in Capital Assets	3,043,227	3,522,713		6,565,940
Restricted - Debt Service	0	167,715		167,715
Restricted - Capital Projects	1,800,022	666,456		2,466,478
Unrestricted	868,656	4,379,029	20,331	5,268,016
<b>Total Net Position</b>	<u>5,711,905</u>	<u>8,735,913</u>	<u>20,331</u>	<u>14,468,149</u>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<u>\$6,090,585</u>	<u>\$9,746,196</u>	<u>\$47,053</u>	<u>\$15,883,834</u>

**CITY OF PAYETTE, IDAHO**

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds  
Year Ended September 30, 2022

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>				
Charges for Services	\$1,218,223	\$1,556,772	\$495,525	\$3,270,520
Miscellaneous	4,442	16,174	0	20,616
<b>Total Operating Revenues</b>	<u>1,222,665</u>	<u>1,572,946</u>	<u>495,525</u>	<u>3,291,136</u>
<b>Operating Expenses</b>				
Personnel	393,363	458,477	0	851,840
Goods & Services	355,262	461,704	437,362	1,254,328
<b>Total Operating Expenses</b>	<u>748,625</u>	<u>920,181</u>	<u>437,362</u>	<u>2,106,168</u>
<b>Operating Income (Loss) Before Depreciation</b>	474,040	652,765	58,163	1,184,968
Depreciation Expense	<u>225,459</u>	<u>281,183</u>	<u>0</u>	<u>506,642</u>
<b>Operating Income (Loss)</b>	248,581	371,582	58,163	678,326
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	12,204	40,317	511	53,032
Interest Expense	0	(23,365)	0	(23,365)
Pension Revenue (Expense)	<u>(57,119)</u>	<u>(65,569)</u>	<u>0</u>	<u>(122,688)</u>
<b>Total Nonoperating Revenue (Expenses)</b>	<u>(44,915)</u>	<u>(48,617)</u>	<u>511</u>	<u>(93,021)</u>
<b>Income (Loss) Before Transfers</b>	203,666	322,965	58,674	585,305
Transfers In	0	0	0	0
Transfers Out	<u>(63,550)</u>	<u>(28,550)</u>	<u>(51,840)</u>	<u>(143,940)</u>
<b>Change in Net Position</b>	140,116	294,415	6,834	441,365
<b>Net Position - Beginning</b>	<u>5,571,789</u>	<u>8,441,498</u>	<u>13,497</u>	<u>14,026,784</u>
<b>Net Position - Ending</b>	<u><u>\$5,711,905</u></u>	<u><u>\$8,735,913</u></u>	<u><u>\$20,331</u></u>	<u><u>\$14,468,149</u></u>

**CITY OF PAYETTE, IDAHO**  
Statement of Cash Flows - Proprietary Funds  
Year Ended September 30, 2022

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows From Operations</b>				
Receipts from Customers	\$1,198,947	\$1,539,965	\$493,415	\$3,232,327
Payments for Personnel	(420,260)	(489,352)		(909,612)
Payments for Goods & Services	(354,518)	(459,757)	(437,362)	(1,251,637)
<b>Cash Provided (Used) By Operations</b>	<u>424,169</u>	<u>590,856</u>	<u>56,053</u>	<u>1,071,078</u>
<b>Cash Flows From Noncapital Financing</b>				
Transfers (to) from Other Funds	(63,550)	(28,550)	(51,840)	(143,940)
<b>Cash Provided (Used) By Noncapital Financing</b>	<u>(63,550)</u>	<u>(28,550)</u>	<u>(51,840)</u>	<u>(143,940)</u>
<b>Cash Flows From Capital &amp; Related Financing</b>				
Acquisition of Capital Assets	(255,624)	(211,712)		(467,336)
Interest Paid on Debt	0	(25,096)		(25,096)
Principal Paid on Debt	0	(130,678)		(130,678)
Changes in Other Long-Term Liabilities	9,907	8,928		18,835
<b>Cash Provided (Used) By Capital &amp; Related Financing</b>	<u>(245,717)</u>	<u>(358,558)</u>	<u>0</u>	<u>(604,275)</u>
<b>Cash Flows From Investments</b>				
Investment Income	12,204	40,317	511	53,032
<b>Cash Provided (Used) By Investments</b>	<u>12,204</u>	<u>40,317</u>	<u>511</u>	<u>53,032</u>
<b>Change in Cash &amp; Investments</b>	127,106	244,065	4,724	375,895
<b>Cash &amp; Investments - Beginning</b>	<u>2,681,080</u>	<u>4,947,506</u>	<u>(31,386)</u>	<u>7,597,200</u>
<b>Cash &amp; Investments - Ending</b>	<u>\$2,808,186</u>	<u>\$5,191,571</u>	<u>(\$26,662)</u>	<u>\$7,973,095</u>
<b>Cash &amp; Investments Reconciliation</b>				
Cash & Investments	\$2,705,861	\$4,997,194		\$7,703,055
Restricted Cash & Investments	102,325	167,715		270,040
Due from Other Funds / (Due to Other Funds)	0	26,662	(\$26,662)	0
<b>Total Cash &amp; Investments</b>	<u>\$2,808,186</u>	<u>\$5,191,571</u>	<u>(\$26,662)</u>	<u>\$7,973,095</u>
<b>Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations</b>				
Operating Income (Loss)	\$248,581	\$371,582	\$58,163	\$678,326
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:				
Depreciation	225,459	281,183		506,642
PERSI Contributions	(26,897)	(30,875)		(57,772)
Changes in Assets & Liabilities:				
Receivables	(31,443)	(32,981)	(2,110)	(66,534)
Accounts Payable & Accrued Expenses	744	1,947		2,691
Deposits	7,725	0		7,725
<b>Cash Provided (Used) By Operations</b>	<u>\$424,169</u>	<u>\$590,856</u>	<u>\$56,053</u>	<u>\$1,071,078</u>



**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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**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

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*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

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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. Compensated absences will be paid by the fund in which the employee works.

**Pensions** – For purposes of measuring the net pension asset/liability and pension revenue/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. Investments are reported at fair value. Pension obligations will be paid by the fund in which the employee works.

**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 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

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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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 20<sup>th</sup> and June 20<sup>th</sup>. 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.

**B. CASH AND INVESTMENTS**

Cash and investments consist of the following at year end:

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Total</b>
Cash - Deposits	\$2,784,921		\$2,784,921
Investments - Local Gov't Investment Pool	1,240,813	\$7,973,095	9,213,908
<b>Total</b>	<b>\$4,025,734</b>	<b>\$7,973,095</b>	<b>\$11,998,829</b>

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

**Deposits** – At year end, the carrying amounts of the City's deposits were \$2,832,761 and the bank balances were \$3,392,615. Of the bank balances, \$3,389,950 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:**

Investment Type	<b>Investment Maturity Schedule (In Years)</b>	
	Less Than 1	Total
Local Gov't Invest Pool	\$9,213,908	\$9,213,908
<b>Total</b>	\$9,213,908	\$9,213,908

**Credit rate risk:**

Investment Type	<b>Investment Rating Schedule</b>	
	Not Rated	Total
Local Gov't Invest Pool	\$9,213,908	\$9,213,908
<b>Total</b>	\$9,213,908	\$9,213,908

**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](http://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 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.

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

**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
<b>Total</b>	<u>788,449</u>	<u>\$0</u>	<u>\$0</u>	<u>788,449</u>
Depreciable Capital Assets				
Buildings	4,957,211			4,957,211
Equipment	3,868,272	172,168		4,040,440
Improvements	4,671,300	169,470		4,840,770
Subtotal	<u>13,496,783</u>	<u>341,638</u>	<u>0</u>	<u>13,838,421</u>
Accumulated Depreciation				
Buildings	1,572,250	91,119		1,663,369
Equipment	3,265,528	135,031		3,400,559
Improvements	1,919,884	141,798		2,061,682
Subtotal	<u>6,757,662</u>	<u>367,948</u>	<u>0</u>	<u>7,125,610</u>
<b>Total</b>	<u>6,739,121</u>	<u>(26,310)</u>	<u>0</u>	<u>6,712,811</u>
<b>Net Capital Assets</b>	<u>\$7,527,570</u>	<u>(\$26,310)</u>	<u>\$0</u>	<u>\$7,501,260</u>

Depreciation expense of \$367,948 was charged to the capital assets program.

<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
<b>Total</b>	<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	14,122,306	467,336		14,589,642
Subtotal	<u>17,142,718</u>	<u>467,336</u>	<u>0</u>	<u>17,610,054</u>
Accumulated Depreciation				
Buildings	292,209	6,155		298,364
Equipment	2,145,159	126,474		2,271,633
Improvements	8,119,662	374,013		8,493,675
Subtotal	<u>10,557,030</u>	<u>506,642</u>	<u>0</u>	<u>11,063,672</u>
<b>Total</b>	<u>6,585,688</u>	<u>(39,306)</u>	<u>0</u>	<u>6,546,382</u>
<b>Net Capital Assets</b>	<u>\$7,314,006</u>	<u>(\$39,306)</u>	<u>\$0</u>	<u>\$7,274,700</u>

Depreciation expense of \$225,459 and \$281,183 was charged to the water and sewer services programs, respectively.

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

**D. LONG-TERM LIABILITIES**

*Governmental Activities:*

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

	<b>Outstanding</b>
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	\$827,438
<b>Total</b>	<b>\$827,438</b>

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

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>
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	35,536	26,163
9/30/28-32	198,695	109,800
9/30/33-37	238,854	69,641
9/30/38-41	224,599	21,399
<b>Total</b>	<b>\$827,438</b>	<b>\$344,045</b>

*Business-Type Activities:*

	<b>Outstanding</b>
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	\$652,259
<b>Total</b>	<b>\$652,259</b>

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

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>
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	54,637	13,475
9/30/28-32	298,776	41,784
9/30/33-34	95,754	3,788
<b>Total</b>	<b>\$652,259</b>	<b>\$128,403</b>

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

**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	\$39,991
<b>Total</b>	\$39,991

Maturities on the sewer revenue loan are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
9/30/23	\$39,991	\$800
<b>Total</b>	\$39,991	\$800

Changes in long-term liabilities 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>
<b><i>Governmental Act.</i></b>					
2010 GO Bond #97-05	\$857,000		\$29,562	\$827,438	\$30,670
Comp. Absences	183,007		10,166	172,841	172,841
Net Pension Liability	0	\$1,521,984		1,521,984	-
<b>Subtotal</b>	1,040,007	1,521,984	39,728	2,522,263	203,511
<b><i>Business-Type Act.</i></b>					
2010 SR Bond #92-04	699,389		47,130	652,259	48,544
Sewer Revenue Loan	123,539		83,548	39,991	39,991
Comp. Absences	61,886	18,835		80,721	80,721
Net Pension Liability	0	483,268		483,268	-
<b>Subtotal</b>	884,814	502,103	130,678	1,256,239	169,256
<b>Total</b>	\$1,924,821	\$2,024,087	\$170,406	\$3,778,502	\$372,767

Interest and related costs during the year amounted to \$31,299 and \$23,365 and were charged to the debt service – interest and sewer services programs, respectively.

**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](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the



**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

*Pension benefits*

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

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

*Member and employer contributions*

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2022 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 \$239,712 for the year ended September 30, 2022.

*Pension asset/liabilities, pension revenue (expense), and deferred outflows of resources and deferred inflows of resources related to pensions*

At September 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.0509108 percent.

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

For the year ended September 30, 2022, the City recognized pension revenue (expense) of (\$509,078). At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$220,505	\$8,950
Changes in assumptions or other inputs	326,916	
Net difference between projected and actual earnings on pension plan investments	461,385	
Employer contributions subsequent to the measurement date	59,928	
<b>Total</b>	<b>\$1,068,734</b>	<b>\$8,950</b>

\$59,928 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, 2023.

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, 2022 the beginning of the measurement period ended June 30, 2021 is 4.6 and 4.6 for the measurement period June 30, 2022.

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

<b>Year Ended</b>		
9/30/23		(\$239,102)
9/30/24		(259,568)
9/30/25		(120,050)
9/30/26		(381,136)
<b>Total</b>		<b>(\$999,856)</b>

*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.

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

*Contributing members, service retirement members, and beneficiaries*

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%
Teachers - Males	Pub-2010 Teacher Tables, increased 12%
Teachers - Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%
	5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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 2022.

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

*Discount rate*

The discount rate used to measure the total pension liability 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 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 6.35 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 or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(5.35%)</b>	<b>(6.35%)</b>	<b>(7.35%)</b>
City's proportionate share of the net pension liability	<u>\$3,539,074</u>	<u>\$2,005,252</u>	<u>\$749,859</u>

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

*Impact on the City's net position*

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the City may periodically experience a deficit in its net position. This can occur as a result of recording the City's allocable portion of the net

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan when deemed necessary), such deficits are not deemed to be of substantial concern.

**F. 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](http://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 (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

As of June 30, 2022, 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, 2022.

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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

At September 30, 2022, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.3924482 percent.

For the year ended September 30, 2022, the City recognized pension (expense) revenue of \$39,079. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Firefighters Retirement Fund (FRF)</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$81,834	\$0
Employer contributions subsequent to the measurement date	3,871	
<b>Total</b>	<b>\$85,705</b>	<b>\$0</b>

\$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, 2023.

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, 2022 is 1.0 year and 1.0 year for the measurement period June 30, 2022.

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

<b>Year Ended</b>		
9/30/23		(\$8,642)
9/30/24		(12,198)
9/30/25		1,849
9/30/26		(62,843)
<b>Total</b>		<b>(\$81,834)</b>

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

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*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, 2022 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, net of investment expenses	6.35%
Cost-of-living (COLA) adjustments	**

\*3.05% COLA is assumed for the gross benefit paid to members of the FRF. A 1.00% COLA is assumed for PERSI benefit offsets used to determine the benefits paid by FRF.

\*\*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%
	5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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

**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

*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:

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
City's proportionate share of the net pension liability (asset)	(\$721,477)	(\$805,661)	(\$878,765)

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.



**CITY OF PAYETTE, IDAHO**  
Notes to Financial Statements

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

**G. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at year end consist of the following:

<b>Due To Fund</b>	<b>Due From Fund</b>	
	Sanitation	Total
Sewer	\$26,662	\$26,662
<b>Total</b>	<b>\$26,662</b>	<b>\$26,662</b>

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.

Interfund transfers during the year consist of the following:

<b>Fund</b>	<b>Transfer In</b>	<b>Transfer Out</b>	<b>Purpose</b>
General	\$112,840	\$15,421	Support
Street & Parks	14,000	50,000	Support
Capital Improvements	65,421	10,000	Support
Nonmajor Governmental	27,100		Support
Water		63,550	Support
Sewer		28,550	Support
Sanitation		51,840	Support
<b>Total</b>	<b>\$219,361</b>	<b>\$219,361</b>	

**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, 2022

<b>General Fund</b>	<b>Budgeted Amounts (GAAP Basis)</b>		<b>Actual Amounts</b>	<b>Final Budget Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
<b>Revenues</b>				
Taxes, Penalties, & Interest	\$1,424,807	\$1,424,807	\$1,484,275	\$59,468
Licenses, Fees, & Charges	182,500	182,500	218,540	36,040
Intergovernmental Revenue	740,000	740,000	891,578	151,578
Investment Interest	10,000	10,000	7,433	(2,567)
Grants & Miscellaneous	227,650	227,650	56,676	(170,974)
<b>Total Revenues</b>	2,584,957	2,584,957	2,658,502	73,545
<b>Expenditures</b>				
<b>Current Expenditures</b>				
General Government	662,644	662,644	607,668	54,976
Public Safety	2,098,168	2,098,168	2,052,468	45,700
Streets & Parks	0	0	0	0
Airport	0	0	0	0
Culture & Recreation	0	0	0	0
Capital Outlay	65,400	65,400	60,792	4,608
<b>Total Expenditures</b>	2,826,212	2,826,212	2,720,928	105,284 *
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	(241,255)	(241,255)	(62,426)	178,829
<b>Other Financing Sources (Uses)</b>				
Transfers In	132,390	132,390	112,840	(19,550)
Transfers Out	(105,421)	(105,421)	(15,421)	90,000 *
<b>Total Other Financing Sources (Uses)</b>	26,969	26,969	97,419	70,450
<b>Net Change in Fund Balances</b>	(214,286)	(214,286)	34,993	249,279
<b>Fund Balances - Beginning</b>	214,286	214,286	1,041,232	826,946
<b>Fund Balances - Ending</b>	\$0	\$0	\$1,076,225	\$1,076,225
				*Total expenditures (over) under appropriations are: \$195,284

**CITY OF PAYETTE, IDAHO**  
 Budgetary Comparison Schedule -  
 General and Major Special Revenue Funds  
 Year Ended September 30, 2022

<b>Streets &amp; Parks Fund</b>	<b>Budgeted Amounts (GAAP Basis)</b>		<b>Actual Amounts</b>	<b>Final Budget Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Positive (Negative)</b>
<b>Revenues</b>				
Taxes, Penalties, & Interest	\$797,016	\$797,016	\$806,167	\$9,151
Licenses, Fees, & Charges	51,600	51,600	62,600	11,000
Intergovernmental Revenue	449,349	449,349	432,309	(17,040)
Investment Interest	500	500	903	403
Grants & Miscellaneous	14,400	14,400	183,801	169,401
<b>Total Revenues</b>	<u>1,312,865</u>	<u>1,312,865</u>	<u>1,485,780</u>	<u>172,915</u>
<b>Expenditures</b>				
Current Expenditures				
General Government	0	0	0	0
Public Safety	0	0	0	0
Streets & Parks	1,247,515	1,247,515	992,945	254,570
Airport	0	0	0	0
Culture & Recreation	0	0	0	0
Capital Outlay	129,361	129,361	41,299	88,062
<b>Total Expenditures</b>	<u>1,376,876</u>	<u>1,376,876</u>	<u>1,034,244</u>	<u>342,632</u> *
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	(64,011)	(64,011)	451,536	515,547
<b>Other Financing Sources (Uses)</b>				
Transfers In	14,000	14,000	14,000	0
Transfers Out	(50,000)	(50,000)	(50,000)	0 *
<b>Total Other Financing Sources (Uses)</b>	<u>(36,000)</u>	<u>(36,000)</u>	<u>(36,000)</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(100,011)	(100,011)	415,536	515,547
<b>Fund Balances - Beginning</b>	100,011	100,011	473,256	373,245
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$888,792</u>	<u>\$888,792</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$342,632</u>

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

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

<b>Fiscal Year Ended June 30</b>	<b>Employer's Portion of the Net Pension (Asset) Liability</b>	<b>Employer's Proportionate Share of the Net Pension (Asset) Liability</b>	<b>Covered Payroll</b>	<b>Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability</b>
2015	0.0639491%	\$842,106	\$1,961,166	42.94%	91.38%
2016	0.0613316%	\$1,243,286	\$2,083,975	59.66%	87.26%
2017	0.0602134%	\$946,451	\$1,870,186	50.61%	90.68%
2018	0.0579344%	\$854,543	\$1,863,958	45.85%	91.69%
2019	0.0577812%	\$659,556	\$1,962,482	33.61%	93.79%
2020	0.0551072%	\$1,279,662	\$1,962,303	65.21%	88.22%
2021	0.0519387%	(\$41,020)	\$1,938,283	-2.12%	100.36%
2022	0.0509108%	\$2,005,252	\$2,007,638	99.88%	83.09%

\*As of the measurement date of the net pension (asset) liability.

**Schedule of Employer Contributions**

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$222,004	\$222,004	\$0	\$1,961,166	11.32%
2016	\$235,906	\$235,906	\$0	\$2,083,975	11.32%
2017	\$236,977	\$236,977	\$0	\$2,093,436	11.32%
2018	\$244,210	\$244,210	\$0	\$2,157,332	11.32%
2019	\$264,590	\$264,590	\$0	\$2,307,025	11.47%
2020	\$266,897	\$266,897	\$0	\$2,235,318	11.94%
2021	\$255,349	\$255,349	\$0	\$2,138,601	11.94%
2022	\$239,712	\$239,712	\$0	\$2,007,638	11.94%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

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

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

<b>Fiscal Year Ended June 30</b>	<b>Employer's Portion of the Net Pension (Asset) Liability</b>	<b>Employer's Proportionate Share of the Net Pension (Asset) Liability</b>	<b>Covered Payroll</b>	<b>Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability</b>
2015	0.2481620%	\$134,034	\$61,091	219.40%	118.08%
2016	0.2981617%	\$160,257	\$40,273	397.93%	118.42%
2017	0.2932171%	\$251,567	\$42,292	594.83%	129.65%
2018	0.3255957%	\$368,477	\$48,155	765.19%	140.15%
2019	0.3648411%	\$524,472	\$56,606	926.53%	152.74%
2020	0.3924482%	\$584,352	\$59,715	978.57%	155.55%
2021	0.3924482%	\$1,060,500	\$126,091	841.06%	211.83%
2022	0.3924482%	\$805,661	\$126,091	638.95%	184.72%

\*As of the measurement date of the net pension (asset) liability.

**Schedule of Employer Contributions**

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$19,201	\$19,201	\$0	\$61,091	31.43%
2016	\$10,193	\$10,193	\$0	\$40,273	25.31%
2017	\$10,704	\$10,704	\$0	\$42,292	25.31%
2018	\$12,188	\$12,188	\$0	\$48,155	25.31%
2019	\$12,455	\$12,455	\$0	\$49,210	25.31%
2020	\$15,484	\$15,484	\$0	\$59,715	25.93%
2021	\$15,484	\$15,484	\$0	\$126,091	12.28%
2022	\$15,484	\$15,484	\$0	\$126,091	12.28%

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

**CITY OF PAYETTE, IDAHO**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 September 30, 2022

	<b>Special Revenue Funds</b>			
	<b>Library</b>	<b>Tort</b>	<b>Recreation</b>	<b>Airport</b>
<b>Assets</b>				
Cash & Investments	\$183,304	\$6,167	\$279,918	\$24,523
Receivables:				
Taxes	13,103	4,126	4,808	307
Intergovernmental Accounts	12,905		30,512	1,283
Due From Other Funds				
<b>Total Assets</b>	<b>\$209,312</b>	<b>\$10,293</b>	<b>\$315,238</b>	<b>\$26,113</b>
<b>Liabilities</b>				
Accounts Payable & Accrued Expenses				
Due To Other Funds				
Unearned Grant Revenue				
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues	12,113	3,819	4,426	232
<b>Total Deferred Inflows of Resources</b>	<b>12,113</b>	<b>3,819</b>	<b>4,426</b>	<b>232</b>
<b>Fund Balances</b>				
Restricted - Special Programs	197,199	6,474	310,812	25,881
Restricted - Debt Service				
Restricted - Capital Projects				
Unassigned				
<b>Total Fund Balances</b>	<b>197,199</b>	<b>6,474</b>	<b>310,812</b>	<b>25,881</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$209,312</b>	<b>\$10,293</b>	<b>\$315,238</b>	<b>\$26,113</b>

**CITY OF PAYETTE, IDAHO**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 September 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Project</u>	<u>Total</u>
	<u>Revolving Loan</u>	<u>Health Insurance</u>	<u>Sidewalk</u>	
<b>Assets</b>				
Cash & Investments	\$84,940	\$29,816	\$33,430	\$642,098
Receivables:				
Taxes				22,344
Intergovernmental				44,700
Accounts			1,910	1,910
Due From Other Funds				0
<b>Total Assets</b>	<u>\$84,940</u>	<u>\$29,816</u>	<u>\$35,340</u>	<u>\$711,052</u>
<b>Liabilities</b>				
Accounts Payable & Accrued Expenses				\$0
Due To Other Funds				0
Unearned Grant Revenue				0
<b>Total Liabilities</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				20,590
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,590</u>
<b>Fund Balances</b>				
Restricted - Special Programs	84,940	29,816		655,122
Restricted - Debt Service				0
Restricted - Capital Projects			35,340	35,340
Unassigned				0
<b>Total Fund Balances</b>	<u>84,940</u>	<u>29,816</u>	<u>35,340</u>	<u>690,462</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$84,940</u>	<u>\$29,816</u>	<u>\$35,340</u>	<u>\$711,052</u>

**CITY OF PAYETTE, IDAHO**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended September 30, 2022

	<u>Special Revenue Funds</u>			
	<u>Library</u>	<u>Tort</u>	<u>Recreation</u>	<u>Airport</u>
<b>Revenues</b>				
Taxes, Penalties, & Interest	\$274,027	\$91,267	\$77,997	\$6,464
Licenses, Fees, & Charges	12,282		91,876	98,131
Intergovernmental Revenue	51,382		143,969	6,035
Investment Interest	739	36	740	71
Grants & Miscellaneous	10,331		2,013	8,000
<b>Total Revenues</b>	<u>348,761</u>	<u>91,303</u>	<u>316,595</u>	<u>118,701</u>
<b>Expenditures</b>				
Current Expenditures				
General Government		111,643		
Public Safety				
Streets & Parks				
Airport				107,894
Culture & Recreation	309,989		311,437	
Debt Service				
Capital Outlay				
<b>Total Expenditures</b>	<u>309,989</u>	<u>111,643</u>	<u>311,437</u>	<u>107,894</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	38,772	(20,340)	5,158	10,807
<b>Other Financing Sources (Uses)</b>				
Transfers In		27,100		
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>27,100</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	38,772	6,760	5,158	10,807
<b>Fund Balances - Beginning</b>	158,427	(286)	305,654	15,074
<b>Fund Balances - Ending</b>	<u>\$197,199</u>	<u>\$6,474</u>	<u>\$310,812</u>	<u>\$25,881</u>



**CITY OF PAYETTE, IDAHO**

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended September 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Project</u>	
	<u>Revolving Loan</u>	<u>Health Insurance</u>	<u>Sidewalk</u>	<u>Total</u>
<b>Revenues</b>				
Taxes, Penalties, & Interest				\$449,755
Licenses, Fees, & Charges			\$18,236	220,525
Intergovernmental Revenue				201,386
Investment Interest	\$448			2,034
Grants & Miscellaneous	9,024			29,368
<b>Total Revenues</b>	<u>9,472</u>	<u>\$0</u>	<u>18,236</u>	<u>903,068</u>
<b>Expenditures</b>				
Current Expenditures				
General Government			3,754	115,397
Public Safety				0
Streets & Parks				0
Airport				107,894
Culture & Recreation				621,426
Debt Service				0
Capital Outlay				0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>3,754</u>	<u>844,717</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	9,472	0	14,482	58,351
<b>Other Financing Sources (Uses)</b>				
Transfers In				27,100
Transfers Out				0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,100</u>
<b>Net Change in Fund Balances</b>	9,472	0	14,482	85,451
<b>Fund Balances - Beginning</b>	<u>75,468</u>	<u>29,816</u>	<u>20,858</u>	<u>605,011</u>
<b>Fund Balances - Ending</b>	<u><u>\$84,940</u></u>	<u><u>\$29,816</u></u>	<u><u>\$35,340</u></u>	<u><u>\$690,462</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, 2022, 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 7, 2022.

**Report on 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 or significant deficiencies may exist that have not been identified.

**Report on 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 7, 2022