

City of Payette, Idaho

Year Ended September 30, 2025

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, 2025, 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, 2025, 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 is the responsibility of management and, 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 November 29, 2025, 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

Meridian, Idaho
November 29, 2025

CITY OF PAYETTE, IDAHO

Statement of Net Position

September 30, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Assets			
Current Assets			
Cash & Investments	\$3,780,262	\$10,352,895	\$14,133,157
Receivables:			
Taxes	171,763		171,763
Intergovernmental	364,936		364,936
Accounts	2,439	515,694	518,133
Total Current Assets	<u>4,319,400</u>	<u>10,868,589</u>	<u>15,187,989</u>
Noncurrent Assets			
Restricted Cash & Investments		650,619	650,619
Nondepreciable Capital Assets	788,449	2,522,877	3,311,326
Depreciable Net Capital Assets	7,758,666	8,264,074	16,022,740
Net Pension Asset - FRF	1,145,670		1,145,670
Total Noncurrent Assets	<u>9,692,785</u>	<u>11,437,570</u>	<u>21,130,355</u>
Total Assets	<u>14,012,185</u>	<u>22,306,159</u>	<u>36,318,344</u>
Deferred Outflows of Resources			
Pension Items - Base Plan	330,272	104,836	435,108
Total Deferred Outflows of Resources	<u>330,272</u>	<u>104,836</u>	<u>435,108</u>
Total Assets and Deferred Outflows of Resources	<u>\$14,342,457</u>	<u>\$22,410,995</u>	<u>\$36,753,452</u>
Liabilities			
Current Liabilities			
Accounts Payable & Accrued Expenses	\$2,099	\$1,443	\$3,542
Deposits		120,275	120,275
Accrued Interest	20,586	27,220	47,806
Long-Term Liabilities, Current	287,213	152,602	439,815
Total Current Liabilities	<u>309,898</u>	<u>301,540</u>	<u>611,438</u>
Noncurrent Liabilities			
Long-Term Liabilities, Noncurrent	2,005,940	2,964,572	4,970,512
Total Noncurrent Liabilities	<u>2,005,940</u>	<u>2,964,572</u>	<u>4,970,512</u>
Total Liabilities	<u>2,315,838</u>	<u>3,266,112</u>	<u>5,581,950</u>
Deferred Inflows of Resources			
Pension Items - Base Plan	566,361	179,835	746,196
Pension Items - FRF	22,110		22,110
Total Deferred Inflows of Resources	<u>588,471</u>	<u>179,835</u>	<u>768,306</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,904,309</u>	<u>3,445,947</u>	<u>6,350,256</u>
Net Position			
Net Investment in Capital Assets	7,794,594	8,157,518	15,952,112
Restricted - Special Programs	2,794,734		2,794,734
Restricted - Debt Service	73,379	167,715	241,094
Restricted - Capital Projects	404,788	362,629	767,417
Unrestricted	370,653	10,277,186	10,647,839
Total Net Position	<u>11,438,148</u>	<u>18,965,048</u>	<u>30,403,196</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$14,342,457</u>	<u>\$22,410,995</u>	<u>\$36,753,452</u>

See Accompanying Notes

CITY OF PAYETTE, IDAHO

Statement of Activities

Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges For Services	Operating Grants And Contributions	
Primary Government				
Governmental Activities				
Current Expenditures				
General Government	\$655,987	\$80,963	\$804,175	\$229,151
Public Safety	2,855,275	352,403	84,779	(2,418,093)
Streets & Parks	1,008,661	124,491		(871,301)
Airport	82,234	10,150		(72,084)
Culture & Recreation	602,883	74,409	1,518	(526,956)
Debt Service - Interest	28,154			(28,154)
Capital Assets	453,256			(453,256)
Total Governmental Activities	<u>5,686,450</u>	<u>642,416</u>	<u>890,472</u>	<u>(4,140,693)</u>
Business-Type Activities				
Water Services	1,981,971	2,176,228		194,257
Sewer Services	1,417,999	2,258,924		840,925
Sanitation Services	533,778	633,833		100,055
Total Business-Type Activities	<u>3,933,748</u>	<u>5,068,985</u>	<u>0</u>	<u>1,135,237</u>
Total Primary Government	<u>\$9,620,198</u>	<u>\$5,711,401</u>	<u>\$890,472</u>	<u>(\$3,005,456)</u>
		Governmental Activities	Business-Type Activities	Total Primary Government
Changes in Net Position				
Net (Expense) Revenue		(\$4,140,693)	\$1,135,237	(\$3,005,456)
General Revenues				
Taxes, Penalties, & Interest		3,234,033		3,234,033
Intergovernmental Revenue		1,913,905		1,913,905
Investment Interest		131,237	481,366	612,603
Miscellaneous		575,135	104,354	679,489
Pension Revenue (Expense)		(294,418)	(122,829)	(417,247)
Transfers		(164,026)	164,026	0
Total		<u>5,395,866</u>	<u>626,917</u>	<u>6,022,783</u>
Change in Net Position		1,255,173	1,762,154	3,017,327
Net Position - Beginning		10,182,975	17,202,894	27,385,869
Net Position - Ending		<u>\$11,438,148</u>	<u>\$18,965,048</u>	<u>\$30,403,196</u>

CITY OF PAYETTE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2025

	General Fund	Streets & Parks Fund	Debt Service Fund	Capital Improvements Fund
Assets				
Cash & Investments	\$668,453	\$2,077,990	\$73,225	\$396,907
Receivables:				
Taxes	101,543	41,903	2,918	2,275
Intergovernmental	209,646	110,032		
Accounts	133			
Due From Other Funds				
Total Assets	<u>\$979,775</u>	<u>\$2,229,925</u>	<u>\$76,143</u>	<u>\$399,182</u>
Liabilities				
Accounts Payable & Accrued Expenses	\$2,099			
Due To Other Funds				
Total Liabilities	<u>2,099</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	96,131	39,859	2,764	2,158
Total Deferred Inflows of Resources	<u>96,131</u>	<u>39,859</u>	<u>2,764</u>	<u>2,158</u>
Fund Balances				
Restricted - Special Programs		2,190,066		
Restricted - Debt Service			73,379	
Restricted - Capital Projects				397,024
Unassigned	881,545			
Total Fund Balances	<u>881,545</u>	<u>2,190,066</u>	<u>73,379</u>	<u>397,024</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$979,775</u>	<u>\$2,229,925</u>	<u>\$76,143</u>	<u>\$399,182</u>

CITY OF PAYETTE, IDAHO
 Balance Sheet - Governmental Funds
 September 30, 2025

	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
Cash & Investments	\$563,687	\$3,780,262
Receivables:		
Taxes	23,124	171,763
Intergovernmental	45,258	364,936
Accounts	2,306	2,439
Due From Other Funds	0	0
Total Assets	\$634,375	\$4,319,400
Liabilities		
Accounts Payable & Accrued Expenses	\$0	\$2,099
Due To Other Funds	0	0
Total Liabilities	0	2,099
Deferred Inflows of Resources		
Unavailable Tax Revenues	21,943	162,855
Total Deferred Inflows of Resources	21,943	162,855
Fund Balances		
Restricted - Special Programs	604,668	2,794,734
Restricted - Debt Service	0	73,379
Restricted - Capital Projects	7,764	404,788
Unassigned	0	881,545
Total Fund Balances	612,432	4,154,446
Total Liabilities and Deferred Inflows of Resources and Fund Balances	\$634,375	\$4,319,400

CITY OF PAYETTE, IDAHO
Balance Sheet - Governmental Funds
September 30, 2025

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

Total Governmental Fund Balances \$4,154,446

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. 8,547,115

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 162,855

Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds. (2,313,739)

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. 887,471

Net Position of Governmental Activities \$11,438,148

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2025

	General Fund	Streets & Parks Fund	Debt Service Fund	Capital Improvements Fund
Revenues				
Taxes, Penalties, & Interest	\$1,893,491	\$765,798	\$54,940	\$42,640
Licenses, Fees, & Charges	419,996	36,675		
Intergovernmental Revenue	1,006,123	737,752		
Investment Interest	86,353	16,799	8,978	489
Grants & Miscellaneous	169,760	17,195		804,175
Total Revenues	<u>3,575,723</u>	<u>1,574,219</u>	<u>63,918</u>	<u>847,304</u>
Expenditures				
Current Expenditures				
General Government	648,476			
Public Safety	3,025,326			
Streets & Parks		1,068,734		
Airport				
Culture & Recreation				
Debt Service			62,272	
Capital Outlay		343,403		7,900
Total Expenditures	<u>3,673,802</u>	<u>1,412,137</u>	<u>62,272</u>	<u>7,900</u>
Excess (Deficiency) of Revenues Over Expenditures	(98,079)	162,082	1,646	839,404
Other Financing Sources (Uses)				
Transfers In	274,728	316,000		
Transfers Out				(754,754)
Total Other Financing Sources (Uses)	<u>274,728</u>	<u>316,000</u>	<u>0</u>	<u>(754,754)</u>
Net Change in Fund Balances	176,649	478,082	1,646	84,650
Fund Balances - Beginning	704,896	1,711,984	71,733	312,374
Fund Balances - Ending	<u>\$881,545</u>	<u>\$2,190,066</u>	<u>\$73,379</u>	<u>\$397,024</u>

CITY OF PAYETTE, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2025

	Nonmajor Governmental Funds	Total Governmental Funds
Revenues		
Taxes, Penalties, & Interest	\$493,538	\$3,250,407
Licenses, Fees, & Charges	185,745	642,416
Intergovernmental Revenue	170,030	1,913,905
Investment Interest	18,618	131,237
Grants & Miscellaneous	15,295	1,006,425
Total Revenues	<u>883,226</u>	<u>6,944,390</u>
Expenditures		
Current Expenditures		
General Government	46,580	695,056
Public Safety	0	3,025,326
Streets & Parks	0	1,068,734
Airport	87,132	87,132
Culture & Recreation	638,788	638,788
Debt Service	0	62,272
Capital Outlay	50,373	401,676
Total Expenditures	<u>822,873</u>	<u>5,978,984</u>
Excess (Deficiency) of Revenues Over Expenditures	60,353	965,406
Other Financing Sources (Uses)		
Transfers In	0	590,728
Transfers Out	0	(754,754)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(164,026)</u>
Net Change in Fund Balances	60,353	801,380
Fund Balances - Beginning	<u>552,079</u>	<u>3,353,066</u>
Fund Balances - Ending	<u><u>\$612,432</u></u>	<u><u>\$4,154,446</u></u>

CITY OF PAYETTE, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended September 30, 2025

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 \$801,380

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 or allocated over the appropriate term as amortization expense. This is the excess of capital outlays over (under) depreciation/amortization expense in the current period. 420,471

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (16,374)

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 33,013

In the statement of activities, interest is accrued on long-term debt, but the expenditure is reported when due in the governmental funds. 1,105

In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds. (30,979)

Changes in net pension asset/liability and related pension deferred outflows/inflows do not provide or require current financial resources and therefore are not reflected in the funds. 46,557

Change in Net Position of Governmental Activities \$1,255,173

CITY OF PAYETTE, IDAHO
Statement of Net Position - Proprietary Funds
September 30, 2025

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Sanitation Fund</u>	<u>Total Enterprise Funds</u>
Assets				
Current Assets				
Cash & Investments	\$4,211,333	\$6,045,039	\$96,523	\$10,352,895
Receivables:				
Accounts	236,786	220,216	58,692	515,694
Due From Other Funds				0
Total Current Assets	<u>4,448,119</u>	<u>6,265,255</u>	<u>155,215</u>	<u>10,868,589</u>
Noncurrent Assets				
Restricted Cash & Investments	482,904	167,715		650,619
Nondepreciable Capital Assets	2,034,109	488,768		2,522,877
Depreciable Net Capital Assets	3,184,037	5,080,037		8,264,074
Total Noncurrent Assets	<u>5,701,050</u>	<u>5,736,520</u>	<u>0</u>	<u>11,437,570</u>
Total Assets	<u>10,149,169</u>	<u>12,001,775</u>	<u>155,215</u>	<u>22,306,159</u>
Deferred Outflows of Resources				
Pension Items - Base Plan	48,793	56,043		104,836
Total Deferred Outflows of Resources	<u>48,793</u>	<u>56,043</u>	<u>0</u>	<u>104,836</u>
Total Assets and Deferred Outflows of Resources	<u>\$10,197,962</u>	<u>\$12,057,818</u>	<u>\$155,215</u>	<u>\$22,410,995</u>
Liabilities				
Current Liabilities				
Accounts Payable & Accrued Expenses	\$159	\$1,284		\$1,443
Due To Other Funds				0
Deposits	120,275			120,275
Accrued Interest	14,665	12,555		27,220
Long-Term Liabilities, Current	54,658	97,944		152,602
Total Current Liabilities	<u>189,757</u>	<u>111,783</u>	<u>\$0</u>	<u>301,540</u>
Noncurrent Liabilities				
Long-Term Liabilities, Noncurrent	2,293,397	671,175		2,964,572
Total Noncurrent Liabilities	<u>2,293,397</u>	<u>671,175</u>	<u>0</u>	<u>2,964,572</u>
Total Liabilities	<u>2,483,154</u>	<u>782,958</u>	<u>0</u>	<u>3,266,112</u>
Deferred Inflows of Resources				
Pension Items - Base Plan	83,724	96,111		179,835
Total Deferred Inflows of Resources	<u>83,724</u>	<u>96,111</u>	<u>0</u>	<u>179,835</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,566,878</u>	<u>879,069</u>	<u>0</u>	<u>3,445,947</u>
Net Position				
Net Investment in Capital Assets	3,103,481	5,054,037		8,157,518
Restricted - Debt Service		167,715		167,715
Restricted - Capital Projects	362,629			362,629
Unrestricted	4,164,974	5,956,997	155,215	10,277,186
Total Net Position	<u>7,631,084</u>	<u>11,178,749</u>	<u>155,215</u>	<u>18,965,048</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$10,197,962</u>	<u>\$12,057,818</u>	<u>\$155,215</u>	<u>\$22,410,995</u>

CITY OF PAYETTE, IDAHO

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

Year Ended September 30, 2025

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$2,176,228	\$2,258,924	\$633,833	\$5,068,985
Miscellaneous	80,800	23,554		104,354
Total Operating Revenues	<u>2,257,028</u>	<u>2,282,478</u>	<u>633,833</u>	<u>5,173,339</u>
Operating Expenses				
Personnel	595,564	605,646		1,201,210
Goods & Services	1,087,847	473,614	533,778	2,095,239
Total Operating Expenses	<u>1,683,411</u>	<u>1,079,260</u>	<u>533,778</u>	<u>3,296,449</u>
Operating Income (Loss) Before Depreciation	573,617	1,203,218	100,055	1,876,890
Depreciation Expense	187,321	323,363		510,684
Operating Income (Loss)	386,296	879,855	100,055	1,366,206
Nonoperating Revenues (Expenses)				
Interest Income	204,456	272,231	4,679	481,366
Interest Expense	(111,239)	(15,376)		(126,615)
Pension Revenue (Expense)	(57,184)	(65,645)		(122,829)
Total Nonoperating Revenue (Expenses)	<u>36,033</u>	<u>191,210</u>	<u>4,679</u>	<u>231,922</u>
Income (Loss) Before Transfers	422,329	1,071,065	104,734	1,598,128
Transfers In	438,754			438,754
Transfers Out	(60,000)	(60,000)	(154,728)	(274,728)
Change in Net Position	801,083	1,011,065	(49,994)	1,762,154
Net Position - Beginning	<u>6,830,001</u>	<u>10,167,684</u>	<u>205,209</u>	<u>17,202,894</u>
Net Position - Ending	<u>\$7,631,084</u>	<u>\$11,178,749</u>	<u>\$155,215</u>	<u>\$18,965,048</u>

CITY OF PAYETTE, IDAHO
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2025

	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows From Operations				
Receipts from Customers	\$2,232,129	\$2,281,867	\$638,068	\$5,152,064
Payments for Personnel	(636,384)	(650,953)		(1,287,337)
Payments for Goods & Services	(1,102,488)	(533,365)	(533,838)	(2,169,691)
Cash Provided (Used) By Operations	<u>493,257</u>	<u>1,097,549</u>	<u>104,230</u>	<u>1,695,036</u>
Cash Flows From Noncapital Financing				
Transfers (to) from Other Funds	378,754	(60,000)	(154,728)	164,026
Cash Provided (Used) By Noncapital Financing	<u>378,754</u>	<u>(60,000)</u>	<u>(154,728)</u>	<u>164,026</u>
Cash Flows From Capital & Related Financing				
Acquisition of Capital Assets	(1,855,483)	(443,689)		(2,299,172)
Issuance of Debt	2,100,000			2,100,000
Interest Paid on Debt	(96,574)	(51,501)		(148,075)
Principal Paid on Debt		(16,611)		(16,611)
Cash Provided (Used) By Capital & Related Financing	<u>147,943</u>	<u>(511,801)</u>	<u>0</u>	<u>(363,858)</u>
Cash Flows From Investments				
Investment Income	204,456	272,231	4,679	481,366
Cash Provided (Used) By Investments	<u>204,456</u>	<u>272,231</u>	<u>4,679</u>	<u>481,366</u>
Change in Cash & Investments	1,224,410	797,979	(45,819)	1,976,570
Cash & Investments - Beginning	<u>3,469,827</u>	<u>5,414,775</u>	<u>142,342</u>	<u>9,026,944</u>
Cash & Investments - Ending	<u>\$4,694,237</u>	<u>\$6,212,754</u>	<u>\$96,523</u>	<u>\$11,003,514</u>
Cash & Investments Reconciliation				
Cash & Investments	\$4,211,333	\$6,045,039	\$96,523	\$10,352,895
Restricted Cash & Investments	482,904	167,715		650,619
Total Cash & Investments	<u>\$4,694,237</u>	<u>\$6,212,754</u>	<u>\$96,523</u>	<u>\$11,003,514</u>
Reconciliation of Operating Income (Loss) to Cash Provided (Used) By Operations				
Operating Income (Loss)	\$386,296	\$879,855	\$100,055	\$1,366,206
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operations:				
Depreciation	187,321	323,363	0	510,684
PERSI Contributions	(49,259)	(56,548)		(105,807)
Changes in Assets & Liabilities:				
Receivables	(41,624)	(611)	4,235	(38,000)
Accounts Payable & Accrued Expenses	(14,641)	(59,751)	(60)	(74,452)
Deposits	16,725			16,725
Compensated Absences	8,439	11,241		19,680
Cash Provided (Used) By Operations	<u>\$493,257</u>	<u>\$1,097,549</u>	<u>\$104,230</u>	<u>\$1,695,036</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. Investments also include U.S. government securities and are stated at fair value using quoted market prices (Level 1).

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.

Leases/SBITAs and Amortization – Material long-term leases and subscription-based information technology arrangements (SBITAs) are reported in accordance with the provisions of GASB 87 *Leases* and GASB 96 *SBITAs*. When incurred, amortization over the appropriate lease or SBITA term 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 Firefighter Retirement Fund Plan (the FRF Plan) and additions to/deductions from the Base Plan's and the FRF Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan and the FRF 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.

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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 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	\$1,983,159	\$1,915,850	\$3,899,009
Investments - Local Gov't Investment Pool	1,797,103	8,725,038	10,522,141
Investments - U.S. Government Securities		362,626	362,626
Total	\$3,780,262	\$11,003,514	\$14,783,776

Deposits – At year end, the carrying amounts of the City's deposits were \$3,899,009 and the bank balances were \$4,483,956. The bank balances were insured.

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)	
	<u>Less Than 1</u>	<u>Total</u>
Local Gov't Invest Pool	\$10,522,141	\$10,522,141
U.S. Gov't Securities	362,626	362,626
Total	\$10,884,767	\$10,884,767

Credit rate risk (Moody's rating scale):

<u>Investment Type</u>	Investment Rating Schedule		
	<u>AAA</u>	<u>Not Rated</u>	<u>Total</u>
Local Gov't Invest Pool		\$10,522,141	\$10,522,141
U.S. Gov't Securities	\$362,626		362,626
Total	\$362,626	\$10,522,141	\$10,884,767

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

Restricted Cash & Investments – Restricted cash and investments at year end is cash and investments set aside because their use is limited by City ordinance. In the water fund, the customer deposit account is used to report resources received from users of the utility system, to be returned to the customer when leaving the system provided that all utility bills are paid current. The water fund also restricts unspent water project monies. 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	5,099,234			5,099,234
Equipment	4,197,566	477,621		4,675,187
Improvements	5,956,511	396,106		6,352,617
Subtotal	15,253,311	873,727	0	16,127,038
Accumulated Depreciation				
Buildings	1,851,287	92,512		1,943,799
Equipment	3,670,221	168,754		3,838,975
Improvements	2,393,608	191,990		2,585,598
Subtotal	7,915,116	453,256	0	8,368,372
Total	7,338,195	420,471	0	7,758,666
Net Capital Assets	\$8,126,644	\$420,471	\$0	\$8,547,115

Depreciation expense of \$453,256 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
Construction in Progress	0	\$1,794,559		1,794,559
Total	<u>728,318</u>	<u>1,794,559</u>	<u>\$0</u>	<u>2,522,877</u>
Depreciable Capital Assets				
Buildings	426,632			426,632
Equipment	2,611,954			2,611,954
Utility Systems	17,318,592	504,613		17,823,205
Subtotal	<u>20,357,178</u>	<u>504,613</u>	<u>0</u>	<u>20,861,791</u>
Accumulated Depreciation				
Buildings	310,672	6,154		316,826
Equipment	2,470,401	69,317		2,539,718
Utility Systems	9,305,960	435,213		9,741,173
Subtotal	<u>12,087,033</u>	<u>510,684</u>	<u>0</u>	<u>12,597,717</u>
Total	<u>8,270,145</u>	<u>(6,071)</u>	<u>0</u>	<u>8,264,074</u>
Net Capital Assets	<u>\$8,998,463</u>	<u>\$1,788,488</u>	<u>\$0</u>	<u>\$10,786,951</u>

Depreciation expense of \$187,321 and \$323,363 was charged to the water and sewer services programs, respectively.

D. LONG-TERM LIABILITIES

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, secured by future taxes, paid through the debt service fund	<u>\$731,935</u>
Total	<u>\$731,935</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>
9/30/26	\$34,251	\$27,448
9/30/27	35,536	26,163
9/30/28	36,868	24,831
9/30/29	38,251	23,448
9/30/30	39,685	22,014
9/30/31-35	221,899	86,596
9/30/36-40	266,744	41,751
9/30/41	58,701	2,200
Total	<u><u>\$731,935</u></u>	<u><u>\$254,451</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, secured by future sewer revenue fees, paid through the sewer fund	<u>\$502,213</u>
Total	<u><u>\$502,213</u></u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
9/30/26	\$53,046	\$15,066
9/30/27	54,637	13,475
9/30/28	56,276	11,836
9/30/29	57,964	10,148
9/30/30	59,703	8,409
9/30/31-34	220,587	15,179
Total	<u><u>\$502,213</u></u>	<u><u>\$74,113</u></u>

Bond Anticipation Note – At year end, the City had a bond anticipation note as follows:

	<u>Outstanding</u>
2024 - \$2,100,000 - water revenue bond anticipation note for capital improvements due in semi-annual interest payments at 4.19% through 2027 with principal maturity due August 1, 2027, secured by interest in escrow account and other customary collateral, paid through the water fund	<u>\$2,100,000</u>
Total	<u><u>\$2,100,000</u></u>

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Maturities on the bond anticipation note – business-type activities – are estimated as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
9/30/26		\$87,990
9/30/27	\$2,100,000	73,325
Total	<u>\$2,100,000</u>	<u>\$161,315</u>

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>
<i>Governmental Act.</i>					
2010 GO Bond #97-05	\$764,948		\$33,013	\$731,935	\$34,251
Comp. Absences	221,983	\$30,979		252,962	252,962
Net Pension Liability	1,909,418		601,162	1,308,256	-
Subtotal	<u>2,896,349</u>	<u>30,979</u>	<u>634,175</u>	<u>2,293,153</u>	<u>287,213</u>
<i>Business-Type Act.</i>					
2010 SR Bond #92-04	553,714		51,501	502,213	53,046
2024 WR BAN	0	2,100,000		2,100,000	0
Comp. Absences	79,876	19,680		99,556	99,556
Net Pension Liability	606,287		190,882	415,405	-
Subtotal	<u>1,239,877</u>	<u>2,119,680</u>	<u>242,383</u>	<u>3,117,174</u>	<u>152,602</u>
Total	<u>\$4,136,226</u>	<u>\$2,150,659</u>	<u>\$876,558</u>	<u>\$5,410,327</u>	<u>\$439,815</u>

Interest and related costs during the year amounted to \$28,154, \$111,239, and \$15,376 were charged to the debt service – interest, water services, 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.

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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Pension benefits

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

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

Member and employer contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for public safety. As of June 30, 2025 it was 7.18% for general employees and 10.36% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.96% for general employees and 13.48% for public safety. The City's contributions were \$441,178 for the year ended September 30, 2025.

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

At September 30, 2025, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2025, the City's proportion was 0.07127980%.

For the year ended September 30, 2025, the City recognized pension revenue (expense) of (\$509,665). At September 30, 2025, 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	\$324,813	
Changes in assumptions or other inputs		\$303,101
Difference between projected and actual earnings on pension plan investments		443,095
Employer contributions subsequent to the measurement date	110,295	
Total	\$435,108	\$746,196

\$110,295 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 revenue (expense) in the year ending September 30, 2026.

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, 2025 the beginning of the measurement period ended June 30, 2024 is 4.6 and 4.6 for the measurement period June 30, 2025.

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:

Year Ended			
9/30/26			(\$294,799)
9/30/27			288,075
9/30/28			263,623
9/30/29			164,483
Total			\$421,383

Actuarial assumptions

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

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return, net of investment expenses	6.55%
Cost-of-living (COLA) adjustments	1.00%

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%
	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, 2025 is based on the results of an actuarial valuation date of July 1, 2025.

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 2025.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap US Equity	22%	4.75%
Small/Mid Cap US Equity	10%	4.95%
International Equity	11%	4.75%
Emerging Markets Equity	11%	4.95%
Domestic Fixed	20%	2.25%
TIPS	10%	2.05%
Core Real Estate	8%	3.75%
Private Equity	8%	6.00%

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

Discount rate

The discount rate used to measure the total pension liability was 6.55%. 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 6.55%, 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:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(5.55%)</u>	<u>(6.55%)</u>	<u>(7.55%)</u>
City's proportionate share of the net pension liability	<u>\$4,147,138</u>	<u>\$1,723,661</u>	<u>(\$256,211)</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.

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 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

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Pension benefits

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

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

Member and employer contributions

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

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

At September 30, 2025, the City reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2025, 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, 2025, the City's proportion was 0.3924482%.

For the year ended September 30, 2025, the City recognized pension revenue (expense) of \$92,418. At September 30, 2025, 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

	Firefighters Retirement Fund (FRF)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$22,110
Total	\$0	\$22,110

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, 2024 the beginning of the measurement period ended June 30, 2025 is 1.0 year and 1.0 year for the measurement period June 30, 2025.

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

<u>Year Ended</u>		
9/30/26		(\$36,823)
9/30/27		26,020
9/30/28		16,568
9/30/29		16,346
Total		\$22,110

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, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return, net of investment expenses	6.55%
Cost-of-living (COLA) adjustments	1.00%

CITY OF PAYETTE, IDAHO
Notes to Financial Statements

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 asset as of June 30, 2025 is based on the results of an actuarial valuation date of July 1, 2025.

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 2025.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap US Equity	22%	4.75%
Small/Mid Cap US Equity	10%	4.95%
International Equity	11%	4.75%
Emerging Markets Equity	11%	4.95%
Domestic Fixed	20%	2.25%
TIPS	10%	2.05%
Core Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension asset was 6.55%. 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 6.55 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	Current Discount Rate	1% Increase
	(5.55%)	(6.55%)	(7.55%)
City's proportionate share of the net pension (asset)	<u>(\$1,073,578)</u>	<u>(\$1,145,670)</u>	<u>(\$1,208,992)</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.

G. INTERFUND TRANSFERS

Interfund transfers during the year consist of the following:

Fund	Transfer In	Transfer Out	Purpose
General	\$274,728		Support
Street & Parks	316,000		Projects
Capital Improvements		\$754,754	Projects
Water	438,754	60,000	Projects, Support
Sewer		60,000	Support
Sanitation		154,728	Support
Total	\$1,029,482	\$1,029,482	

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, 2025

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes, Penalties, & Interest	\$1,874,344	\$1,874,344	\$1,893,491	\$19,147
Licenses, Fees, & Charges	454,500	454,500	419,996	(34,504)
Intergovernmental Revenue	951,929	951,929	1,006,123	54,194
Investment Interest	135,000	135,000	86,353	(48,647)
Grants & Miscellaneous	274,010	274,010	169,760	(104,250)
Total Revenues	<u>3,689,783</u>	<u>3,689,783</u>	<u>3,575,723</u>	<u>(114,060)</u>
Expenditures				
Current Expenditures				
General Government	977,042	977,042	648,476	328,566
Public Safety	3,254,145	3,254,145	3,025,326	228,819
Streets & Parks	0	0	0	0
Airport	0	0	0	0
Culture & Recreation	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	<u>4,231,187</u>	<u>4,231,187</u>	<u>3,673,802</u>	<u>557,385</u> *
Excess (Deficiency) of Revenues Over Expenditures				
	(541,404)	(541,404)	(98,079)	443,325
Other Financing Sources (Uses)				
Transfers In	189,600	189,600	274,728	85,128
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>189,600</u>	<u>189,600</u>	<u>274,728</u>	<u>85,128</u>
Net Change in Fund Balances	(351,804)	(351,804)	176,649	528,453
Fund Balances - Beginning	351,804	351,804	704,896	353,092
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$881,545</u>	<u>\$881,545</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$557,385</u>

CITY OF PAYETTE, IDAHO
 Budgetary Comparison Schedule -
 General and Major Special Revenue Funds
 Year Ended September 30, 2025

Streets & Parks Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Taxes, Penalties, & Interest	\$699,180	\$699,180	\$765,798	\$66,618
Licenses, Fees, & Charges	56,600	56,600	36,675	(19,925)
Intergovernmental Revenue	676,500	676,500	737,752	61,252
Investment Interest	6,000	6,000	16,799	10,799
Grants & Miscellaneous	816,000	816,000	17,195	(798,805)
Total Revenues	<u>2,254,280</u>	<u>2,254,280</u>	<u>1,574,219</u>	<u>(680,061)</u>
Expenditures				
Current Expenditures				
General Government	0	0	0	0
Public Safety	0	0	0	0
Streets & Parks	1,365,254	1,365,254	1,068,734	296,520
Airport	0	0	0	0
Culture & Recreation	0	0	0	0
Capital Outlay	961,338	961,338	343,403	617,935
Total Expenditures	<u>2,326,592</u>	<u>2,326,592</u>	<u>1,412,137</u>	<u>914,455</u> *
Excess (Deficiency) of Revenues Over Expenditures				
	(72,312)	(72,312)	162,082	234,394
Other Financing Sources (Uses)				
Transfers In	72,312	72,312	316,000	243,688
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>72,312</u>	<u>72,312</u>	<u>316,000</u>	<u>243,688</u>
Net Change in Fund Balances	0	0	478,082	478,082
Fund Balances - Beginning	0	0	1,711,984	1,711,984
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$2,190,066</u>	<u>\$2,190,066</u>
<i>*Total expenditures (over) under appropriations are:</i>				<u>\$914,455</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*

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2016	0.06133160%	\$1,243,286	\$2,083,975	59.66%	87.26%
2017	0.06021340%	\$946,451	\$1,870,186	50.61%	90.68%
2018	0.05793440%	\$854,543	\$1,863,958	45.85%	91.69%
2019	0.05778120%	\$659,556	\$1,962,482	33.61%	93.79%
2020	0.05510720%	\$1,279,662	\$1,962,303	65.21%	88.22%
2021	0.05193870%	(\$41,020)	\$1,938,283	-2.12%	100.36%
2022	0.05091080%	\$2,005,252	\$2,007,638	99.88%	83.09%
2023	0.06417133%	\$2,560,866	\$2,728,509	93.86%	83.83%
2024	0.06725323%	\$2,515,705	\$3,295,832	76.33%	85.54%
2025	0.07127980%	\$1,723,661	\$3,664,925	47.03%	90.89%

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

Schedule of Employer Contributions

Fiscal Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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%
2023	\$327,589	\$327,589	\$0	\$2,787,991	11.75%
2024	\$388,254	\$388,254	\$0	\$3,413,222	11.37%
2025	\$441,178	\$441,178	\$0	\$3,688,779	11.96%

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*

Fiscal Year Ended June 30	Employer's Portion of the Net Pension (Asset) Liability	Employer's Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
2016	0.29816170%	(\$160,257)	\$40,273	-397.93%	118.42%
2017	0.29321710%	(\$251,567)	\$42,292	-594.83%	129.65%
2018	0.32559570%	(\$368,477)	\$48,155	-765.19%	140.15%
2019	0.36484110%	(\$524,472)	\$56,606	-926.53%	152.74%
2020	0.39244820%	(\$584,352)	\$59,715	-978.57%	155.55%
2021	0.39244820%	(\$1,060,500)	\$59,715	-1775.94%	211.83%
2022	0.39244820%	(\$805,661)	\$59,715	-1349.18%	184.72%
2023	0.39544820%	(\$927,758)	\$59,715	-1553.64%	200.58%
2024	0.39544820%	(\$987,777)	\$59,715	-1654.15%	207.66%
2025	0.39544820%	(\$1,145,670)	\$59,715	-1918.56%	227.13%

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

Schedule of Employer Contributions

Fiscal Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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	**	**	**	\$59,715	0.00%
2022	**	**	**	\$59,715	0.00%
2023	**	**	**	\$59,715	0.00%
2024	**	**	**	\$59,715	0.00%
2025	**	**	**	\$59,715	0.00%

**Contributions to the Firefighter's Retirement Fund were no longer required by PERSI effective July 1, 2020.

CITY OF PAYETTE, IDAHO
 Combining Balance Sheet - Nonmajor Governmental Funds
 September 30, 2025

	Special Revenue Funds			
	Library	Tort	Recreation	Airport
Assets				
Cash & Investments	\$212,607	\$82,756	\$122,756	\$32,665
Receivables:				
Taxes	15,100	3,101	4,571	352
Intergovernmental Accounts	13,064		30,895	1,299
Due From Other Funds				
Total Assets	<u>\$240,771</u>	<u>\$85,857</u>	<u>\$158,222</u>	<u>\$34,316</u>
Liabilities				
Accounts Payable & Accrued Expenses				
Due To Other Funds				
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources				
Unavailable Tax Revenues	14,328	2,950	4,335	330
Total Deferred Inflows of Resources	<u>14,328</u>	<u>2,950</u>	<u>4,335</u>	<u>330</u>
Fund Balances				
Restricted - Special Programs	226,443	82,907	153,887	33,986
Restricted - Debt Service				
Restricted - Capital Projects				
Unassigned				
Total Fund Balances	<u>226,443</u>	<u>82,907</u>	<u>153,887</u>	<u>33,986</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$240,771</u>	<u>\$85,857</u>	<u>\$158,222</u>	<u>\$34,316</u>

CITY OF PAYETTE, IDAHO
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2025

	<u>Special Revenue</u> <u>Revolving</u> <u>Loan</u>	<u>Capital Project</u> <u>Sidewalk</u>	<u>Total</u>
Assets			
Cash & Investments	\$107,445	\$5,458	\$563,687
Receivables:			
Taxes			23,124
Intergovernmental			45,258
Accounts		2,306	2,306
Due From Other Funds			0
Total Assets	<u>\$107,445</u>	<u>\$7,764</u>	<u>\$634,375</u>
Liabilities			
Accounts Payable & Accrued Expenses			\$0
Due To Other Funds			0
Total Liabilities	<u>\$0</u>	<u>\$0</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Tax Revenues			21,943
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>21,943</u>
Fund Balances			
Restricted - Special Programs	107,445		604,668
Restricted - Debt Service			0
Restricted - Capital Projects		7,764	7,764
Unassigned			0
Total Fund Balances	<u>107,445</u>	<u>7,764</u>	<u>612,432</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$107,445</u>	<u>\$7,764</u>	<u>\$634,375</u>

CITY OF PAYETTE, IDAHO

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Nonmajor Governmental Funds
Year Ended September 30, 2025

	Special Revenue Funds			
	Library	Tort	Recreation	Airport
Revenues				
Taxes, Penalties, & Interest	\$282,110	\$117,926	\$85,160	\$8,342
Licenses, Fees, & Charges	15,561		71,651	79,428
Intergovernmental Revenue	49,663		115,498	4,869
Investment Interest	6,759	329	6,774	651
Grants & Miscellaneous	7,243		52	8,000
Total Revenues	361,336	118,255	279,135	101,290
Expenditures				
Current Expenditures				
General Government		46,580		
Public Safety				
Streets & Parks				
Airport				87,132
Culture & Recreation	336,934		301,854	
Debt Service				
Capital Outlay				14,411
Total Expenditures	336,934	46,580	301,854	101,543
Excess (Deficiency) of Revenues Over Expenditures	24,402	71,675	(22,719)	(253)
Other Financing Sources (Uses)				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	24,402	71,675	(22,719)	(253)
Fund Balances - Beginning	202,041	11,232	176,606	34,239
Fund Balances - Ending	\$226,443	\$82,907	\$153,887	\$33,986

CITY OF PAYETTE, IDAHO
 Combining Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Nonmajor Governmental Funds
 Year Ended September 30, 2025

	<u>Special Revenue</u> <u>Revolving</u> <u>Loan</u>	<u>Capital Project</u> <u>Sidewalk</u>	<u>Total</u>
Revenues			
Taxes, Penalties, & Interest			\$493,538
Licenses, Fees, & Charges		\$19,105	185,745
Intergovernmental Revenue			170,030
Investment Interest	\$4,105		18,618
Grants & Miscellaneous			15,295
Total Revenues	<u>4,105</u>	<u>19,105</u>	<u>883,226</u>
Expenditures			
Current Expenditures			
General Government			46,580
Public Safety			0
Streets & Parks			0
Airport			87,132
Culture & Recreation			638,788
Debt Service			0
Capital Outlay		35,962	50,373
Total Expenditures	<u>0</u>	<u>35,962</u>	<u>822,873</u>
Excess (Deficiency) of Revenues			
Over Expenditures	4,105	(16,857)	60,353
Other Financing Sources (Uses)			
Transfers In			0
Transfers Out			0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	4,105	(16,857)	60,353
Fund Balances - Beginning	<u>103,340</u>	<u>24,621</u>	<u>552,079</u>
Fund Balances - Ending	<u>\$107,445</u>	<u>\$7,764</u>	<u>\$612,432</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, 2025, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated November 29, 2025.

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

Meridian, Idaho
November 29, 2025