

**CITY OF SHELLEY - STATE OF IDAHO  
SHELLEY, IDAHO  
ANNUAL FINANCIAL REPORT  
and  
COMPLIANCE REPORTS  
with  
INDEPENDENT AUDITOR'S REPORT  
For the Year Ended September 30, 2023**

**CITY OF SHELLEY - STATE OF IDAHO**  
**FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

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**CITY OF SHELLEY - STATE OF IDAHO**  
**FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

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## ***INDEPENDENT AUDITOR'S REPORT***

**Honorable Mayor and City Council  
City of Shelley - State of Idaho  
Shelley, Idaho**

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund balances of the City of Shelley, Idaho, as of and for the year ended September 30, 2023 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 of Shelley, Idaho, as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity 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 (GAAS) 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 City of Shelley, Idaho, 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.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and the 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 of Shelley'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***

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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 City of Shelley'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Shelley'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.

### ***Other Matters***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shelley's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to 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 a report dated March 12, 2023, on our consideration of City of Shelley, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Searle Hart + Associates PLLC*

Idaho Falls, Idaho  
March 12, 2024

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2023**

This discussion and analysis of the City of Shelley, Idaho's (City) financial performance provides an overall review of the City's financial activities for the fiscal year ended September 30, 2023. The intent of the discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets plus deferred outflows of the City exceeded its liabilities plus deferred inflows at the close of the fiscal year 2023 by \$12,167,010 (net position). The City had a negative governmental unrestricted net position of \$277,282 at year end due to the City's debt associated with the regional wastewater facility.
- The City's total net position increased by \$1,541,803 in comparison with the prior year mainly due to capital improvements.
- As of the close of the fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$4,953,087, an increase of \$832,426 in comparison with the prior year. Approximately \$1,422,985 of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year 2023, unassigned fund balance for the General Fund was \$1,422,985.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this annual report consists of three parts: Management's Discussion and Analysis, the basic financial statements, and the required supplementary information. The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements.

**Government-Wide Financial Statements**

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

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as net position. Over time, increase or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The governmental activities of the City of Shelley include general government, public safety, streets, parks and recreation, building and animal control. The business-type activities of the City include water, sewer, and sanitation.



**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2023**

The government-wide financial statements include not only the City of Shelley itself (known as the primary government), but also, the legally separate Country Club Road Urban Renewal Area (CCRURA), for which the City is financially accountable. Financial information of these component units are reported separately from the financial information presented for the primary government itself. The water, sewer, and sanitation services function as departments of the City and have been included as an integral part of the primary government.

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the government fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Shelley maintains four major individual governmental funds. Information is presented separately in the government fund statements for the General, Street, State Revenue Sharing and the Bond Repayment funds which meet the criteria for major governmental funds. Governmental funds considered non-major are aggregated in a single column on the government fund statements.

The City adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with the budget for the major governmental funds.

**Proprietary Funds:** Proprietary funds are used to account for business-type activities such as internal service funds and enterprise funds. The City of Shelley maintains enterprise funds. Enterprise funds are used to report the same functions as business-type activities in the government-wide financial statements. The City of Shelley uses these funds to account for its water, sewer, and sanitation operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation, each of which are considered to be major funds of the City. All non-major proprietary funds are aggregated in a single column on the proprietary Statement of Net Position.

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

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$12,167,010 as of September 30, 2023.

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

The following table provides a summary of the City's net position for 2023 compared to 2022:

	2023	2022
<b>Assets:</b>		
Current and other assets	\$ 10,576,146	\$ 9,110,452
Capital assets (net of depreciation)	6,706,282	6,795,769
Total assets	17,282,428	15,906,221
Deferred outflows:	541,720	652,190
<b>Liabilities:</b>		
Current and other liabilities	626,157	592,620
Long-term liabilities	5,030,981	5,335,128
Total liabilities	5,657,138	5,927,748
Deferred inflows:	-	5,456
<b>Net position:</b>		
Net investment in capital assets	6,698,710	6,787,408
Restricted	964,898	763,394
Unrestricted	4,503,402	3,074,405
Total net position	\$ 12,167,010	\$ 10,625,207

At the end of the current fiscal year, the City was able to report positive balances in two of the three categories of net position, for the government as a whole. The governmental-type activities had a negative net position due to the debt associated with the Eastern Idaho Regional Sewer District (EIRSD). The assets for the wastewater project were transferred to EIRSD; however, the debt remains an obligation of the City.

The restricted portion of the City's net position, \$964,898 represents resources that are subject to external restrictions on how they may be used.

**CITY OF SHELLEY - STATE OF IDAHO**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2023**

The net position of the City, as a whole, increased \$1,541,803 from \$10,625,207 at September 30, 2022 to \$12,167,010 at September 30, 2023.

Governmental Activities: Governmental activities increased the City's net position by \$1,064,261. A decrease in the long-term liabilities and an increase in the restricted cash were the main reasons for this increase.

Business-type Activities: Business-type operating activities increased the City's net position by \$477,542. The City's business-type revenues increased more than their expenses increased, resulting in an increase in net position.

The following table shows the changes in net position for the fiscal years 2023 and 2022:

	2023 Governmental Activities	2022 Governmental Activities	2023 Business- Type Activities	2022 Business- Type Activities
Revenue:				
Program revenue:				
Fees, fines & charges for services	\$ 293,426	\$ 366,545	\$ 2,491,719	\$ 2,399,793
Operating grants & contributions	388,170	347,460	-	29,397
Capital grants & contributions	300,000	368,000	55,000	-
General revenues:				
Property taxes	1,320,647	1,241,031	-	-
Assessments for debt service	688,854	669,980	-	-
Franchise taxes	150,800	151,988	-	-
Public services taxes	374,281	341,981	-	-
Grants/contributions, unrestricted	254,903	250,057	-	-
Unrestricted investment earnings	215,311	(289,062)	12,628	(19,055)
Miscellaneous	191,398	97,428	7,214	6,643
Gain (loss) on sale of assets	-	2,779	-	-
Capital distributions	-	(840,000)	-	-
Transfers	(5,802)	(35,624)	5,802	35,624
Total Revenue and Transfers	4,171,988	2,672,563	2,572,363	2,452,402
Expenses:				
General government	670,040	578,577	-	-
Public safety	1,285,601	1,016,115	-	-
Public works/streets	740,113	1,155,816	-	-
Health, welfare and sanitation	-	-	-	-
Culture and recreation	332,884	349,583	-	-
Interest on long-term debt	79,089	80,611	-	-
Water	-	-	754,200	525,720
Sewer	-	-	850,653	770,191
Sanitation	-	-	478,329	493,093
Other business type funds	-	-	11,639	-
Total expenses	3,107,727	3,180,702	2,094,821	1,789,004
Change in net position	\$ 1,064,261	\$ (508,139)	\$ 477,542	\$ 633,398

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2023**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

As of September 30, 2023, the City's governmental funds reported combined ending fund balances of \$4,953,087, an increase of \$832,426 in comparison with the prior year. Approximately 28% of this total amount, \$1,422,985, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted, committed, or assigned to indicate that it is not available for new spending because it has already been obligated for a variety of restricted purposes.

The General Fund is the chief operating fund of the City. At September 30, 2023, the fund balance of the General Fund was \$1,422,985, while total fund balance was \$4,953,087. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. The General Fund's fund balance is 42% of the annual expenditures while total governmental fund balance is 149% of total expenditures.

The fund balance of the City's General Fund increased by \$25,211 during the current fiscal year. The main factor of the increase was an increase in investment earnings.

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

The Water, Sewer, and Sanitation funds at September 30, 2023, had a combined net position of \$8,423,629. The total increase in net position for the funds was \$477,542. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights: The City did not amend the 2022 – 2023 budget.

	Budgeted	Expended - Budgetary Basis
General Fund	\$ 3,327,767	\$ 1,981,600
Street Fund	1,552,773	644,000
Revenue Sharing Fund	1,087,005	109,405
Bond Repayment Fund	684,739	487,350
ARPA Fund	592,620	-
Other Special Revenue Funds	198,498	61,994
Other Debt Service Funds	686,660	-
Sanitation Fund	989,715	443,043
Water Fund	1,962,868	618,854
Sewer Fund	1,751,905	796,231
Total Expenditures/Expenses	\$ 12,834,550	\$ 5,162,477

The above amounts include transfers, but exclude the change in fair value of the City's investments because changes in fair value of the City's investments are reflected in revenues.

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2023**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets: The City's investment in capital assets for its governmental and business-type activities as of September 30, 2023, was \$6,706,282 (net of accumulated depreciation). Capital assets include land, water rights, infrastructure, buildings, improvements other than buildings, machinery and equipment, and when applicable, construction in process.

The major capital transactions during the year were, a building inspector vehicle, improvements to the Senior Citizen building and City Hall. Street improvement projects for N. Park, S. Byron, S. Park, and Milton streets. Well projects and continuing work on the water system updates. Additional information about the City's capital assets can be found in the notes to the financial statements.

Debt Administration: In 2011, the City incurred \$8,000,000 in loans payable related to the EIRSD project. The City has continued paying the DEQ loan payment regarding this note and paid \$409,495 of principle and \$78,766 of paid and accrued interest during the fiscal year. The outstanding balance as of September 30, 2023 was \$3,586,891.

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

The City is continually trying to recruit new business to our area. The Golden Valley Natural Plant opened in May of 2015 and brings over 300 employees to our area. Currently they are designing a wastewater pre-treatment facility which will allow the company to expand. Our tax base has increased substantially, but has been mainly due to the residential growth that has occurred. The largest employers in the City are Golden Valley Natural and the Shelley School District.

We have had major construction of residential homes and twin homes in the city. Three new subdivisions with various phases have been or are being added to the city. Once all of the phases have been built out it will increase the residential units by 719 homes. Building has slowed down mainly due to the unavailability of ERU's through the East Idaho Regional Sewer District. EIRSD is currently designing the improvements needed to increase the availability of ERU's to allow continued growth.

**COMPONENT UNITS**

The financial statements include the Shelley Urban Renewal Agency and the Country Club Road Urban Renewal Area, component units of the City. The financial statements for urban renewal areas are available at the City office. The Shelley Urban Renewal Area was established in 1998 and then amended in 2011. It was retired in November of 2013, and has been closed out.

Another urban renewal area known as the Country Club Road Urban Renewal Area was established in October of 2013. This urban renewal area encompasses Golden Valley Natural. A TIF was established to reimburse this business for public infrastructure they expended. This TIF should be paid off by July of 2021. The URA plan was amended to create another TIF to help Golden Valley with an environmental concern which is disposal of their waste water. This new TIF will expire in about eight years.

**REQUESTS FOR INFORMATION**

The financial reports are designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Sandy Gaydusek, City Clerk/Treasurer, City of Shelley, 101 South Emerson Avenue, Shelley, Idaho, 83274.

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## **FINANCIAL SECTION**

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION**  
**September 30, 2023**

	Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
<b>ASSETS</b>				
Cash and investments	\$ 4,352,219	\$ 4,850,645	\$ 9,202,864	\$ 482,547
Taxes receivable	57,147	-	57,147	-
Receivables	14,674	24,220	38,894	-
Due from other funds	-	-	-	-
Due from other governmental agencies	241,743	-	241,743	-
Inventories	-	-	-	-
Prepaid expenses	-	70,600	70,600	-
Restricted cash and investments	964,898	-	964,898	-
<b>Capital Assets</b>				
Land and other assets not being depreciated	792,088	444,915	1,237,003	-
Construction in progress	-	-	-	-
Infrastructure	2,707,079	5,039,076	7,746,155	-
Buildings	1,178,698	320,449	1,499,147	-
Equipment and furniture	1,542,180	1,280,859	2,823,039	-
Less: accumulated depreciation	<u>(3,156,708)</u>	<u>(3,442,354)</u>	<u>(6,599,062)</u>	<u>-</u>
Total Capital Assets	<u>3,063,337</u>	<u>3,642,945</u>	<u>6,706,282</u>	<u>-</u>
TOTAL ASSETS	<u>8,694,018</u>	<u>8,588,410</u>	<u>17,282,428</u>	<u>482,547</u>
<b>DEFERRED OUTFLOWS - Pension</b>	\$ <u>446,106</u>	\$ <u>95,614</u>	\$ <u>541,720</u>	\$ <u>-</u>



	Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 33,538	\$ -	\$ 33,538	\$ -
Due to other governmental agencies	592,619	-	592,619	-
Due to other funds	-	-	-	-
<b>Long-term liabilities</b>				
<b>Due within one year</b>				
Bonds, capital leases and contracts, net of unamortized bond costs	417,527	-	417,527	-
Accrued interest	7,572	-	7,572	-
Compensated absences	60,259	17,589	77,848	-
Claims and judgments	-	-	-	-
<b>Due in more than one year</b>				
Bonds, capital leases and contracts, net of unamortized bond costs	3,169,364	-	3,169,364	-
Accrued interest	-	-	-	-
Compensated absences	37,742	11,733	49,475	-
Net pension liability	1,078,122	231,073	1,309,195	-
<b>TOTAL LIABILITIES</b>	<u>5,396,743</u>	<u>260,395</u>	<u>5,657,138</u>	<u>-</u>
<b>DEFERRED INFLOWS - Pension</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	3,055,765	3,642,945	6,698,710	-
Restricted for:				
Capital projects	-	-	-	-
Debt service	964,898	-	964,898	-
Other projects	-	-	-	482,547
Unrestricted	<u>(277,282)</u>	<u>4,780,684</u>	<u>4,503,402</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,743,381</u>	<u>\$ 8,423,629</u>	<u>\$ 12,167,010</u>	<u>\$ 482,547</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2023**

FUNCTIONS/PROGRAMS	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 670,040	\$ 178,488	\$ 4,225	\$ -
Public safety	1,285,601	-	55,829	-
Public works	740,113	-	328,116	300,000
Health, welfare and sanitation	-	-	-	-
Culture and recreation	332,884	114,938	-	-
Education	-	-	-	-
Interest on long-term debt	79,089	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>3,107,727</b>	<b>293,426</b>	<b>388,170</b>	<b>300,000</b>
Business-type activities:				
Sanitation	478,329	558,001	-	-
Water	754,200	696,596	-	30,000
Sewer	850,653	1,026,303	-	25,000
Other business-type activities	11,639	210,819	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>2,094,821</b>	<b>2,491,719</b>	<b>-</b>	<b>55,000</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 5,202,548</b>	<b>\$ 2,785,145</b>	<b>\$ 388,170</b>	<b>\$ 355,000</b>
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 16,104</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Assessments for debt service

Franchise taxes

Public service taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

*Special item* - gain (loss) on sale of asset

*Special item* - capital distributions

Transfers

**TOTAL GENERAL REVENUES, SPECIAL ITEMS,  
AND TRANSFERS**

Change in net position

Net Position, October 1, 2022

**NET POSITION, SEPTEMBER 30, 2023**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
\$ (487,327)		\$ (487,327)	
(1,229,772)		(1,229,772)	
(111,997)		(111,997)	
-		-	
(217,946)		(217,946)	
-		-	
<u>(79,089)</u>		<u>(79,089)</u>	
<u>(2,126,131)</u>		<u>(2,126,131)</u>	
	\$ 79,672	79,672	
	(27,604)	(27,604)	
	200,650	200,650	
	<u>199,180</u>	<u>199,180</u>	
	451,898	451,898	
<u>(2,126,131)</u>	<u>451,898</u>	<u>(1,674,233)</u>	
		\$ <u>(16,104)</u>	
1,320,647	-	1,320,647	191,211
688,854	-	688,854	-
150,800	-	150,800	-
374,281	-	374,281	-
254,903	-	254,903	-
215,311	12,628	227,939	-
191,398	7,214	198,612	-
-	-	-	-
-	-	-	-
<u>(5,802)</u>	<u>5,802</u>	<u>-</u>	<u>-</u>
<u>3,190,392</u>	<u>25,644</u>	<u>3,216,036</u>	<u>191,211</u>
1,064,261	477,542	1,541,803	175,107
<u>2,679,120</u>	<u>7,946,087</u>	<u>10,625,207</u>	<u>307,440</u>
<u>\$ 3,743,381</u>	<u>\$ 8,423,629</u>	<u>\$ 12,167,010</u>	<u>\$ 482,547</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2023**

	General Fund	Street Fund	State Revenue Sharing	Bond Repayment Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,329,787	\$ 1,112,419	\$ 1,085,795	\$ -
Restricted cash and cash equivalents	-	-	-	268,718
Investments	-	-	-	-
Taxes receivable, net	39,868	16,503	-	-
Due from other funds	-	-	-	-
Receivable from other governments	93,900	84,303	70,877	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1,463,555</b>	<b>1,213,225</b>	<b>1,156,672</b>	<b>268,718</b>
<b>DEFERRED OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 1,463,555</b>	<b>\$ 1,213,225</b>	<b>\$ 1,156,672</b>	<b>\$ 268,718</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,660	\$ 28,878	\$ -	\$ -
Due to other funds	-	-	-	-
Payable to other governments	-	-	-	-
Other accrued expenses	-	-	-	-
Other payables	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,660</b>	<b>28,878</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>				
Revenue unavailable for use	35,910	14,830	-	-
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted				
Debt Service	-	-	-	268,718
Urban Renewal	-	-	-	-
Assigned				
Streets	-	1,169,517	-	-
Recreation	-	-	-	-
Capital Outlay	-	-	1,156,672	-
Unassigned	1,422,985	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,422,985</b>	<b>1,169,517</b>	<b>1,156,672</b>	<b>268,718</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<b>\$ 1,463,555</b>	<b>\$ 1,213,225</b>	<b>\$ 1,156,672</b>	<b>\$ 268,718</b>

ARPA Fund	Other Governmental Funds	Total Governmental Funds	Shelley Urban Renewal Area	Country Club Urban Renewal	Total Urban Renewal
\$ 592,619	\$ 231,599	\$ 4,352,219	\$ -	\$ 482,547	\$ 482,547
-	696,180	964,898	-	-	-
-	-	-	-	-	-
-	776	57,147	-	-	-
-	-	-	-	-	-
-	7,337	256,417	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>592,619</u>	<u>935,892</u>	<u>5,630,681</u>	<u>-</u>	<u>482,547</u>	<u>482,547</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 592,619</u>	<u>\$ 935,892</u>	<u>\$ 5,630,681</u>	<u>\$ -</u>	<u>\$ 482,547</u>	<u>\$ 482,547</u>
\$ 592,619	\$ -	\$ 626,157	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>592,619</u>	<u>-</u>	<u>626,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>697</u>	<u>51,437</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	696,180	964,898	-	-	-
-	-	-	-	482,547	482,547
-	213,227	1,382,744	-	-	-
-	12,341	12,341	-	-	-
-	13,447	1,170,119	-	-	-
-	-	1,422,985	-	-	-
<u>-</u>	<u>935,195</u>	<u>4,953,087</u>	<u>-</u>	<u>482,547</u>	<u>482,547</u>
<u>\$ 592,619</u>	<u>\$ 935,892</u>	<u>\$ 5,630,681</u>	<u>\$ -</u>	<u>\$ 482,547</u>	<u>\$ 482,547</u>

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**CITY OF SHELLEY - STATE OF IDAHO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2023**

	Governmental Funds	Component Units
Total fund balance, governmental funds:	\$ 4,953,087	\$ 482,547
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	3,063,337	-
A net pension liability for the measured portion of the present value of projected benefit payments is reported on the Statement of Net Position, but not in the fund financial statements.		
Net pension liability	(1,078,122)	-
Deferred outflows associated with the net pension liability	446,106	-
Deferred inflows associated with the net pension liability	-	-
Some of the City's taxes will be collected after year-end, but are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred inflows in the funds statements.	51,437	-
Some liabilities, (such as notes payable, capital lease contract payable, long-term compensated absences, and bonds payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(3,692,464)	-
Net position of governmental activities in the Statement of Net Position:	<u>\$ 3,743,381</u>	<u>\$ 482,547</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2023**

	General Fund	Street Fund	State Revenue Sharing	Bond Repayment Fund
<b>REVENUES</b>				
Property taxes	\$ 906,525	\$ 380,983	\$ -	\$ -
Fees and fines	30	-	-	-
Licenses and permits	153,147	-	-	-
Intergovernmental revenues	462,453	670,478	254,903	-
Charges for services	89,104	-	-	626,242
Investment earnings	215,198	-	-	-
Miscellaneous	170,630	52,748	-	-
<b>TOTAL REVENUES</b>	<u>1,997,087</u>	<u>1,104,209</u>	<u>254,903</u>	<u>626,242</u>
<b>EXPENDITURES</b>				
Current:				
General government	457,232	-	3,800	-
Public safety	1,239,488	-	11,964	-
Public works	-	454,504	-	-
Health and sanitation	-	-	-	-
Culture and recreation	272,590	-	2,000	-
Education	-	-	-	-
Economic development	-	-	-	-
Debt Service:				
Principal	1,701	-	-	409,495
Interest and other charges	323	-	-	77,855
Capital outlay	14,927	218,374	97,803	-
<b>TOTAL EXPENDITURES</b>	<u>1,986,261</u>	<u>672,878</u>	<u>115,567</u>	<u>487,350</u>
Excess (deficiency) of revenues over expenditures	10,826	431,331	139,336	138,892
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital debt	-	-	-	-
Other uses	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(5,802)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>(5,802)</u>	<u>-</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale of assets	14,385	11,760	-	-
Net change in fund balances	25,211	443,091	133,534	138,892
Fund Balances, October 1, 2022	1,397,774	726,426	1,023,138	129,826
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<u>\$ 1,422,985</u>	<u>\$ 1,169,517</u>	<u>\$ 1,156,672</u>	<u>\$ 268,718</u>



ARPA Fund	Other Governmental Funds	Total Governmental Funds	Shelley Urban Renewal Area	Country Club Urban Renewal	Total Urban Renewal
\$ -	\$ 17,627	\$ 1,305,135	\$ -	\$ 191,211	\$ 191,211
-	-	30	-	-	-
-	-	153,147	-	-	-
-	27,136	1,414,970	-	-	-
-	46,204	761,550	-	-	-
-	113	215,311	-	-	-
-	62,612	285,990	-	-	-
-	153,692	4,136,133	-	191,211	191,211
-	-	461,032	-	-	-
-	-	1,251,452	-	-	-
-	18,816	473,320	-	-	-
-	-	-	-	-	-
-	43,178	317,768	-	-	-
-	-	-	-	-	-
-	-	-	16,104	-	16,104
-	-	411,196	-	-	-
-	-	78,178	-	-	-
-	-	331,104	-	-	-
-	61,994	3,324,050	16,104	-	16,104
-	91,698	812,083	(16,104)	191,211	175,107
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(5,802)	-	-	-
-	-	(5,802)	-	-	-
-	-	26,145	-	-	-
-	91,698	832,426	(16,104)	191,211	175,107
-	843,497	4,120,661	16,104	291,336	307,440
\$ -	\$ 935,195	\$ 4,953,087	\$ -	\$ 482,547	\$ 482,547

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**CITY OF SHELLEY - STATE OF IDAHO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2023**

	Governmental Funds	Component Units
Net change in fund balances - total governmental funds:	\$ 832,426	\$ 175,107
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the difference between capital outlays of \$331,104 and depreciation of \$332,283 in the current period.	(1,179)	-
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	-	-
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This is the net change in revenue unavailable for use.	15,512	-
Governmental funds report long term debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long term debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	411,196	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Net change in accrued interest not reflected on governmental funds	(911)	-
Net change in pension expense not reflected in the governmental funds	(172,064)	-
Governmental funds do not recognize compensated absences as expenditures until they are paid. In contrast, the Statement of Activities treats compensated absences as a long-term liability. This amount is the net change in the compensated absence liability.	(20,719)	-
Change in net position of governmental activities:	<u>\$ 1,064,261</u>	<u>\$ 175,107</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND TYPES**  
**September 30, 2023**

	Sanitation Fund	Water Fund	Sewer Fund	Other Enterprise Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 579,690	\$ 1,527,719	\$ 1,190,557	\$ 1,552,679
Receivables	1,463	7,156	15,601	-
Prepaid expenses	-	-	70,600	-
Restricted cash and equivalents	-	-	-	-
Construction in progress	-	-	-	-
Land and water rights	36,915	408,000	-	-
Buildings	181,633	66,195	72,621	-
Enterprise system assets	-	2,947,707	2,091,369	-
Equipment	590,446	206,342	484,071	-
Accumulated depreciation	(638,762)	(1,487,568)	(1,316,024)	-
<b>TOTAL ASSETS</b>	<b>751,385</b>	<b>3,675,551</b>	<b>2,608,795</b>	<b>1,552,679</b>
<b>DEFERRED OUTFLOWS - Pension</b>	<b>37,541</b>	<b>32,991</b>	<b>25,082</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Long - term liabilities</b>				
<b>Due within one year</b>				
Bonds, capital leases and contracts	-	-	-	-
Accrued interest	-	-	-	-
Accrued compensation	5,517	8,584	3,488	-
<b>Due in more than one year</b>				
Bonds, capital leases and contracts	-	-	-	-
Accrued interest	-	-	-	-
Accrued compensation	3,823	5,595	2,315	-
Net pension liability	90,727	79,730	60,616	-
<b>TOTAL LIABILITIES</b>	<b>100,067</b>	<b>93,909</b>	<b>66,419</b>	<b>-</b>
<b>DEFERRED INFLOWS - Pension</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	170,232	2,140,676	1,332,037	-
Restricted for				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Other projects	-	-	-	-
Unrestricted	518,627	1,473,957	1,235,421	1,552,679
<b>TOTAL NET POSITION</b>	<b>\$ 688,859</b>	<b>\$ 3,614,633</b>	<b>\$ 2,567,458</b>	<b>\$ 1,552,679</b>

	<u>Total</u>
\$	4,850,645
	24,220
	70,600
	-
	-
	444,915
	320,449
	5,039,076
	1,280,859
	<u>(3,442,354)</u>
	<u>8,588,410</u>
	<u>95,614</u>
	-
	-
	-
	-
	17,589
	-
	-
	11,733
	<u>231,073</u>
	<u>260,395</u>
	<u>-</u>
	3,642,945
	-
	-
	-
	<u>4,780,684</u>
\$	<u><u>8,423,629</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUND TYPES**  
**For the Year Ended September 30, 2023**

	Sanitation Fund	Water Fund	Sewer Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 558,001	\$ 696,596	\$ 1,026,303
Miscellaneous operating revenues	<u>3,144</u>	<u>1,070</u>	<u>2,250</u>
TOTAL OPERATING REVENUES	<u>561,145</u>	<u>697,666</u>	<u>1,028,553</u>
<b>OPERATING EXPENSES</b>			
Personal services	156,813	137,874	98,780
Contractual and professional services	4,038	16,762	10,270
Other supplies and expense	259,609	348,859	158,443
Repairs and maintenance	28,786	26,148	11,320
Utilities	1,459	97,993	399,383
Depreciation	<u>27,566</u>	<u>126,403</u>	<u>59,778</u>
TOTAL OPERATING EXPENSE	<u>478,271</u>	<u>754,039</u>	<u>737,974</u>
OPERATING INCOME (LOSS)	<u>82,874</u>	<u>(56,373)</u>	<u>290,579</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest revenue	1,450	5,589	5,589
Grants	-	30,000	25,000
Miscellaneous revenue	-	-	-
Miscellaneous expense	-	-	-
Gain(loss) on sale of assets	-	-	750
Interest expense	<u>(58)</u>	<u>(161)</u>	<u>(103)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,392</u>	<u>35,428</u>	<u>31,236</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS	84,266	(20,945)	321,815
<b>OTHER REVENUE, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>			
Capital contributions	-	-	-
Capital distributions	-	-	-
Operating transfers in	-	2,901	2,901
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	84,266	(18,044)	324,716
NET POSITION - October 1, 2022	<u>604,593</u>	<u>3,632,677</u>	<u>2,242,742</u>
NET POSITION - September 30, 2023	<u>\$ 688,859</u>	<u>\$ 3,614,633</u>	<u>\$ 2,567,458</u>

Other Enterprise Funds		Total	
\$	210,819	\$	2,491,719
	<u>-</u>		<u>6,464</u>
	210,819		2,498,183
	-		393,467
	-		31,070
	124,215		891,126
	-		66,254
	-		498,835
	<u>-</u>		<u>213,747</u>
	124,215		2,094,499
	<u>86,604</u>		<u>403,684</u>
	-		12,628
	-		55,000
	-		-
	-		-
	-		750
	<u>-</u>		<u>(322)</u>
	-		68,056
	86,604		471,740
	-		-
	-		-
	-		5,802
	<u>-</u>		<u>-</u>
	86,604		477,542
	<u>1,466,075</u>		<u>7,946,087</u>
\$	<u><u>1,552,679</u></u>	\$	<u><u>8,423,629</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2023**

	Sanitation Fund
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 561,062
Cash payments for goods and services	(293,892)
Cash payments to employees	(148,787)
	<u>118,383</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>118,383</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfer in	-
Grants	-
Miscellaneous revenue	-
Miscellaneous expenses	-
	<u>-</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Gain or (loss) on sale of assets	-
Capital contributions	-
Purchases and construction of capital assets	-
Principal payments on bond /leases payable	-
Payments on capital debt	(364)
	<u>(364)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>1,450</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,450</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>119,469</u>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>460,221</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 579,690</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>	
Operating income (loss)	\$ 82,874
Adjustments to reconcile operating income to net cash provided (used)	
by operating activities:	
Depreciation	27,566
Pension expense associated with net pension liability	8,567
(Increase) decrease in:	
Utility receivables	(83)
Prepaid ERU's	-
Increase (decrease) in:	
Accounts payable	-
Accrued compensation	(541)
	<u>(541)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 118,383</u>



Water Fund	Sewer Fund	Other Enterprise Funds	Total
\$ 693,600	\$ 1,023,728	\$ 210,819	\$ 2,489,209
(489,762)	(579,416)	(124,215)	(1,487,285)
<u>(128,081)</u>	<u>(96,530)</u>	<u>-</u>	<u>(373,398)</u>
<u>75,757</u>	<u>347,782</u>	<u>86,604</u>	<u>628,526</u>
2,901	2,901	-	5,802
30,000	25,000	-	55,000
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>32,901</u>	<u>27,901</u>	<u>-</u>	<u>60,802</u>
-	750	-	750
-	-	-	-
(2,900)	(122,538)	-	(125,438)
-	-	-	-
<u>(1,011)</u>	<u>(647)</u>	<u>-</u>	<u>(2,022)</u>
<u>(3,911)</u>	<u>(122,435)</u>	<u>-</u>	<u>(126,710)</u>
<u>5,589</u>	<u>5,589</u>	<u>-</u>	<u>12,628</u>
<u>5,589</u>	<u>5,589</u>	<u>-</u>	<u>12,628</u>
<u>110,336</u>	<u>258,837</u>	<u>86,604</u>	<u>575,246</u>
<u>1,417,383</u>	<u>931,720</u>	<u>1,466,075</u>	<u>4,275,399</u>
<u>\$ 1,527,719</u>	<u>\$ 1,190,557</u>	<u>\$ 1,552,679</u>	<u>\$ 4,850,645</u>
\$ (56,373)	\$ 290,579	\$ 86,604	\$ 403,684
126,403	59,778	-	213,747
9,086	2,027	-	19,680
(4,066)	(4,825)	-	(8,974)
-	-	-	-
-	-	-	-
<u>707</u>	<u>223</u>	<u>-</u>	<u>389</u>
<u>\$ 75,757</u>	<u>\$ 347,782</u>	<u>\$ 86,604</u>	<u>\$ 628,526</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND TYPES**  
**September 30, 2023**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b>ASSETS</b>	
Cash	\$ 426
Receivables	-
Due from other governments	-
<b>Capital Assets</b>	
Land and improvements not being depreciated	-
Construction in process	-
Infrastructure	-
Buildings	-
Equipment and furniture	-
Less: accumulated depreciation	-
	<hr/>
TOTAL ASSETS	426 <hr/>
<b>DEFERRED OUTFLOWS</b>	<hr/> -
<b>LIABILITIES</b>	
Accounts payable	-
Deferred revenue	-
	<hr/>
TOTAL LIABILITIES	- <hr/>
<b>DEFERRED INFLOWS</b>	<hr/> -
<b>NET POSITION</b>	426 <hr/>
TOTAL NET POSITION	\$ <u>426</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND TYPES**  
**For the Year Ended September 30, 2023**

	<b>PRIVATE PURPOSE TRUST FUNDS</b>
<b>ADDITIONS</b>	
Intergovernmental	\$ -
Charges for services	-
Interest	-
Miscellaneous	-
	<hr/>
TOTAL ADDITIONS	<hr/> -
<b>DEDUCTIONS</b>	
General government	-
Public safety	-
Public works	-
Parks and recreation	-
	<hr/>
TOTAL DEDUCTIONS	<hr/> -
Excess of additions over (under) deductions	<hr/> -
Change in net position	-
<b>NET POSITION - October 1, 2022</b>	<hr/> 426
<b>NET POSITION - September 30, 2023</b>	\$ <hr/> <hr/> 426

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## **NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF SHELLEY - STATE OF IDAHO**  
**INDEX TO NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

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**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Shelley is organized and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the City conform to accounting principles generally accepted in the United States of America as applied to governments, except for the exceptions noted hereafter: the City budgets and operates on a cash basis, but the financial statements are presented in accordance with generally accepted accounting principles.

**A. GENERAL**

The financial statements listed in the table of contents have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial position.

**B. REPORTING ENTITY**

The reporting entity does not include those funds under the direct jurisdiction of other governing boards, elected or appointed, that exercise substantial or total administrative and supervisory authority in their own name and are considered to be autonomous from City of Shelley's government. Two component units are reported for the City of Shelley.

***Discretely Presented Component Units***

In conformity with generally accepted accounting principles, the basic financial statements of the Shelley Urban Renewal Area and the Country Club Road Urban Renewal Area have been included in the financial reporting entity as discretely presented component units, emphasizing their nature as legally separate entities from the City. They are combined in one column in the government-wide statements and presented in separate columns within the fund-based financial statements.

Shelley Urban Renewal Area: This component unit has a board, which is appointed by the Mayor of the City with the advice and consent of the City of Shelley Council. The Shelley Urban Renewal Area rehabilitates deteriorating or deteriorated areas and constructs infrastructure needed for economic development. It has a fiscal year end of September 30.

Complete financial statements for Shelley Urban Renewal Area can be obtained from their administrative office at 101 S. Emerson, Shelley, Idaho 83274.

Country Club Road Urban Renewal Area: This component unit has a board, which is appointed by the Mayor of the City with the advice and consent of the City of Shelley Council. The Country Club Road Urban Renewal Area rehabilitates deteriorating or deteriorated areas and constructs infrastructure needed for economic development. It has a fiscal year end of September 30.

Complete financial statements for Country Club Road Urban Renewal Area can be obtained from their administrative office at 101 S. Emerson, Shelley, Idaho 83274.



**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

***Government-wide Financial Statements***

The government-wide statements present information on all non-fiduciary activities of the government and its component units. The City's activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements unless there are residual amounts due between governmental and business-type activities.

The *Statement of Net Position* presents the City's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

***Fund Financial Statements***

The financial transactions of the City are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for *governmental and proprietary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

**CITY OF SHELLEY - STATE OF IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

The City reports the following major governmental funds:

- **General Fund** - The general fund is the principal operating fund of the City. It is used to account for all financial resources not required to be accounted for in another fund.
- **Street Fund** – The street fund accounts for the operation and maintenance of the City’s highways and streets and is primarily funded by highway user funds from the State of Idaho.
- **State Revenue Sharing** – The state revenue sharing fund accounts for operating activities of the City, and is funded by state revenue sharing funds from the State of Idaho. The City generally uses these funds for capital expenditures though they are not legally restricted in their use.
- **Bond Repayment Fund** – The bond repayment fund accumulates and distributes resources for the repayment of long-term debt.
- **American Recovery Plan Act Fund (ARPA)** – The ARPA fund accounts for funds received under the federal grant and expenditures of the federal grant money.

The City reports the following major enterprise funds:

- **Sanitation Fund** – The sanitation fund accounts for the operation of the City’s sanitation department and is primarily funded by fees charged to residents and businesses.
- **Water Fund** – The water fund accounts for the operation and maintenance of the water system and is primarily financed by fees charged to residents and businesses.
- **Sewer Fund** – The sewer fund accounts for the operation and maintenance of the waste disposal system of the City and is primarily financed by fees charged to residents and businesses.

**Governmental Fund Types**

Governmental funds account for the City’s general activities including current expendable financial resources (except for those accounted for in proprietary funds), and are those through which most governmental functions of the City are financed. The following are the City’s governmental fund types:

**General Fund** – The General Fund is the general operating fund of the City. 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 account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** – Debt Service Funds are used to service the interest and principal payments for the City’s long-term debt. They are funded by special assessments.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary Fund Types – Enterprise Funds

Enterprise Funds – Enterprise Funds account for operations that meet one of two criteria: 1) the activity runs in a manner similar to private business enterprises. Moreover, the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary Funds – Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governments.

Trust and Custodial Funds – Private Purpose Trust Funds account for funds held in a trustee capacity. Custodial funds are primarily used to collect and remit funds for other governmental agencies. The City currently has one private purpose trust fund and does not have any custodial funds.

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary and fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating items, such as interest expense and investment earnings, result from non-exchange transactions or ancillary activities.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/NET POSITION**

The following are the City's significant policies regarding recognition and reporting of certain assets, deferred outflows, liabilities, deferred inflows, and equity:

Cash and Investments

Cash and cash equivalents consist primarily of demand deposits with financial institutions and short-term investments with original maturities of three months or less from the purchase date. Investments include pooled investments and certificates of deposit with original maturities greater than three months.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/  
NET POSITION (Continued)**

Receivables

Receivables from other governments include amounts from state revenues. Receivables from other governments are reasonably assured; no allowance for uncollectible accounts has been established.

Receivables in the proprietary funds include utility accounts receivable. The City has a delinquent fee policy that limits the uncollectible accounts; therefore, no allowance for uncollectible accounts has been established.

Taxes Receivable

Property taxes are levied in September of each year and become payable on December 20 of the current year and June 20 of the following year.

Property taxes attach as an enforceable lien as of December 20 following levy in September. Therefore, no amount has been set aside for an allowance of doubtful accounts. Property taxes not collected within 60 days after year end are classified as revenue unavailable for use.

Capital Assets

The City defines a capital asset as an asset with an initial cost of \$10,000 or more for equipment, land, buildings, and infrastructure and an estimated useful life or more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition value on the date of acquisition.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital assets related to business-type activities is capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Equipment, buildings and infrastructure, and other depreciable assets are depreciated using the straight line method over the estimated useful lives of the assets from 5 to 40 years.

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Deferred Outflows

In addition to assets, the Statement of Net Position and the fund-based Balance Sheet will display a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position or fund balance that applies to a future period, or periods, so it will not be recognized as an outflow of resources until that time. The City currently reports deferred outflows related to net pension liability on the Statement of Net Position.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/  
NET POSITION (Continued)**

Long-term Obligations

In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Issuance costs are expensed in the year they are incurred. Bonds payable are reported net of the applicable bond premium or discount.

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

Deferred Inflows

In addition to liabilities, the Statement of Net Position and the fund-based Balance Sheet will display a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position or fund balance that applies to a future period, or periods, so it will not be recognized as an inflow of resources until that time. This amount is deferred and recognized as an inflow of resources in the period that amounts become available. The City currently reports revenue unavailable for use as a deferred inflow on the governmental fund-based Balance Sheet and deferred outflows related to the net pension liability on the Statement of Net Position.

Net Position/Fund Balances

The difference between assets, deferred outflows, liabilities, and deferred inflows is net position on the government-wide, proprietary fund, and fiduciary fund statements, and fund balance on the governmental fund statements.

Nonspendable and Spendable Fund Balances

Fund balance is separated into nonspendable and spendable fund balances. Nonspendable fund balance includes amounts that cannot be spent because they are either: (1) not in spendable form; or (2) legally or contractually required to be maintained intact. Spendable amounts are classified into restricted, committed, assigned, and unassigned. The following is a list of nonspendable and spendable fund balance designations for the City of Shelley:

*Nonspendable:* Fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

*Restricted:* Fund balances that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**CITY OF SHELLEY - STATE OF IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/  
NET POSITION (Continued)**

**Nonspendable and Spendable Fund Balances (Continued)**

*Committed:* Fund balances that can be used only for the specific purposes determined by a formal action of the city council (the City's highest level of decision-making authority). Additional action is essential to either remove or revise the commitment.

*Assigned:* Fund balances that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has by resolution authorized management to assign fund balance. Assignments generally only exist temporarily and do not require additional action for the removal of the assignment.

*Unassigned:* Fund balances that include all spendable amounts not contained in the other classifications.

**F. BUDGETS AND BUDGETARY ACCOUNTING**

The Idaho Constitution and the Idaho Department of Revenue and Taxation prescribe the budget process and procedures for governmental subdivisions. The City of Shelley has satisfied the basic requirements outlined in the following particulars:

- 1) Formulation of subsequent year budget requirements by internal City officers and personnel.
- 2) Perusal of formulated budgets by the City Council and its clerk.
- 3) Presentation of preliminary and final budget requirements in formal news media of the City.
- 4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control budgets following adoption are accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officers and employees for management purposes. Budgets are adopted on a cash basis of accounting. The City does not maintain a formal encumbrance accounting system.

**G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS**

Accumulated unpaid vacation and other employee benefits are accrued when incurred in proprietary funds on the accrual basis of accounting. Such amounts are not accrued in governmental funds on the modified accrual basis of accounting. At September 30, 2023, unrecorded fund liabilities included approximately \$98,001 of total leave time and employee benefit accumulations and are considered normal to the City operation.

Vacation and other employee benefits are recorded as an expenditure when used in governmental funds and as an expense when earned in proprietary funds and in the government-wide statements. A liability for unused leave and other accumulated employee benefits is recorded in the government-wide Statement of Net Position.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. REVENUES AND EXPENDITURES/EXPENSES**

Under the modified accrual basis of accounting, revenues are recognized in governmental funds when “measurable and available.” Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. City of Shelley considers property tax revenues to be available if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 30 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In proprietary funds and government-wide statements, revenues are recognized when earned. Operating revenue consists of income derived from charges from services and other miscellaneous fees. All revenues not meeting this definition are reported as non-operating revenues.

**I. EXPENDITURE/EXPENSE RECOGNITION**

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period they are acquired.

In proprietary funds and government-wide statements, expenses are recorded when the related liability is incurred.

Operating expenses for the enterprise fund, if applicable, include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating revenues and expenses.

When an expenditure or expense is incurred for purposes for which there are restricted, committed, assigned and/or unassigned resources available, the City generally uses restricted resources first, then committed, next assigned and then unassigned resources.

**J. INTERFUND ACTIVITY AND BALANCES**

Government-wide Statements

See note 11 for interfund activity.

Governmental Fund Statements

Interfund transactions for goods and services provided and used are reported as revenues and expenditures/expenses in the funds involved. Cash transfers between funds of the City are reported as other financing sources and uses in the governmental fund statements. See note 11 for interfund activity.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. PENSIONS**

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from 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.

**L. USE OF ESTIMATES**

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

**2. CASH AND INVESTMENTS**

Cash deposits and investments by the City as of September 30, 2023, totaled \$10,168,188, of which \$1,868,259 represented demand deposits and \$8,299,929 represented investments. Of the total deposits of the City, \$5,317,117 was allocated to governmental funds, \$4,850,645 to the proprietary funds, and \$426 to fiduciary funds.

Deposits

At year end, the carrying amount of the City's deposits in financial institutions was \$1,868,259 and the bank balance was \$2,273,301. The amount not covered by FDIC or NCUA insurance was \$2,023,301.

Investments

The fair value of the City's investments at year end was \$8,299,929. Of the investments, \$7,523,945 was not covered by FDIC, MBIA, or SIPC insurance.

Investment Type	Fair Value	Investment Maturities (in Years)			Rating	Percent
		< 1	1 – 5	> 5		
Certificates of Deposit	\$ 2,551,778	\$ 690,332	\$ 1,861,446	\$ -	N/A	30.74%
Corporate Bonds	149,382	149,382	-	-	AA3	1.80%
Corporate Bonds	147,074	-	147,074	-	A1	1.78%
Corporate Bonds	344,803	344,803	-	-	A3	4.15%
US Treasury	<u>5,106,892</u>	<u>1,929,307</u>	<u>3,177,585</u>	<u>-</u>	Aaa	<u>61.53%</u>
Total Investments	\$ <u>8,299,929</u>	\$ <u>3,113,824</u>	\$ <u>5,186,105</u>	\$ <u>-</u>		<u>100.00%</u>

Restricted Cash

Fees collected for the retirement of debt that have not been remitted are classified as restricted at year end.



**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**2. CASH AND INVESTMENTS (Continued)**

Investment Rate Risk

The City of Shelley has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates. Sufficient cash and cash equivalents will be maintained to satisfy liquidity requirements of the City.

Credit Risk

The City has a formal written investment policy that addresses credit risk. The City follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 50-1013) and applicable investment rights and restrictions cited by Idaho Code Sections, Title 67, 67-1210.

Custodial Credit Risk

The City has a formal written investment policy that addresses custodial credit risk by investing amounts that keep the funds within FDIC insurance or government faith and backing, or Corporate bonds with an A rating or higher by a commonly known rating service.

Concentration of Credit Risk

Corporate bond exposure is limited to 50% of the market value of the investment accounts.

Fair Value Measurements

Fair value accounting guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value guidance also establishes a fair value hierarchy that requires a government to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Based on the inputs used to determine fair value, a three-level hierarchy is used as follows:

- Level 1: fair value is determined using quoted prices (unadjusted) for identical assets or liabilities in active markets that the government can access at the measurement date.
- Level 2: fair value is determined using inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs are derived principally from or corroborated by observable market data.
- Level 3: fair value is determined using unobservable inputs for an asset or liability and requires the government to develop its own assumptions, based on the best information available in the circumstances, about the considerations market participants would use in pricing the asset or liability.

The following table represents the City's investments that are measured or disclosed at fair value on a recurring basis. The City does not have any financial assets that are measured at fair value on a non-recurring basis.

	Fair Value Hierarchy				Total
	Level 1	Level 2	Level 3		
Debt Securities					
US Treasury notes	\$ 5,106,892	\$ -	\$ -	\$	5,106,892
Certificates of deposit	-	2,551,778	-		2,551,778
Corporate bonds	-	641,259	-		641,259
	<u>\$ 5,106,892</u>	<u>3,193,037</u>	<u>\$ -</u>		<u>8,299,929</u>

Level 1 inputs are quoted prices in active markets for identical assets.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**3. PREPAID ERU'S**

At year end, the City had 21 prepaid ERU's valued at \$70,600 that can be used in future years.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance 10-01-2022	Additions	Deletions	Balance 09-30-2023
<b><u>Governmental Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 792,088	\$ -	\$ -	\$ 792,088
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	792,088	-	-	792,088
Capital assets, being depreciated				
Infrastructure	2,488,705	218,374	-	2,707,079
Buildings and improvements	1,178,698	-	-	1,178,698
Machinery and equipment	1,429,450	112,730	-	1,542,180
Total capital assets, being depreciated	5,096,853	331,104	-	5,427,957
Less accumulated depreciation for				
Infrastructure	(1,048,177)	(218,918)	-	(1,267,095)
Buildings and improvements	(712,822)	(24,189)	-	(737,011)
Machinery and equipment	(1,063,426)	(89,176)	-	(1,152,602)
Leased equipment	-	-	-	-
Total accumulated depreciation	(2,824,425)	(332,283)	-	(3,156,708)
Total capital assets, being depreciated, net	2,272,428	(1,179)	-	2,271,249
Governmental activity, capital assets, net	\$ 3,064,516	\$ (1,179)	\$ -	\$ 3,063,337

Depreciation expense was charged to the current functions of the primary government as follows:

<b><u>Governmental activities</u></b>	
General government	\$ 17,308
Public works	275,154
Public safety	24,705
Parks and recreation	15,116
Current depreciation expense	\$ 332,283

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**4. CAPITAL ASSETS (Continued)**

	Balance 10-01-2022	Additions	Deletions	Balance 09-30-2023
<b><u>Business-type Activities</u></b>				
<b>Sanitation:</b>				
Capital assets, not being depreciated				
Land	\$ 36,915	\$ -	\$ -	\$ 36,915
Total capital assets, not being depreciated	36,915	-	-	36,915
Capital assets, being depreciated				
Buildings and improvements	181,633	-	-	181,633
Equipment	590,446	-	-	590,446
Total sanitation assets, being depreciated	772,079	-	-	772,079
Less accumulated depreciation for				
Buildings and improvements	(112,767)	(4,562)	-	(117,329)
Equipment	(498,430)	(23,003)	-	(521,433)
Total sanitation accumulated depreciation	(611,197)	(27,565)	-	(638,762)
Total sanitation capital assets, being depreciated, net	160,882	(27,565)	-	133,317
Total sanitation capital assets, net	197,797	(27,565)	-	170,232
<b>Sewer:</b>				
Capital assets, not being depreciated				
Construction in progress	887,292	-	(887,292)	-
Total capital assets, not being depreciated	887,292	-	(887,292)	-
Capital assets, being depreciated				
Buildings	72,621	-	-	72,621
Equipment	481,170	2,901	-	484,071
Sewer system	1,084,439	1,006,930	-	2,091,369
Total sewer capital assets, being depreciated	\$ 1,638,230	\$ 1,009,831	\$ -	\$ 2,648,061

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**4. CAPITAL ASSETS (Continued)**

	Balance 10-01-2022	Additions	Deletions	Balance 09-30-2023
Less accumulated depreciation for				
Buildings	\$ (67,699)	\$ (993)	\$ -	\$ (68,692)
Equipment	(464,074)	(2,629)	-	(466,703)
Sewer system	(724,472)	(56,157)	-	(780,629)
Total sewer accumulated depreciation	(1,256,245)	(59,779)	-	(1,316,024)
Total sewer capital assets being depreciated, net	381,985	950,052	-	1,332,037
Total sewer capital assets, net	1,269,277	950,052	(887,292)	1,332,037
<b>Water:</b>				
Capital assets, not being depreciated				
Land	100,000	-	-	100,000
Water rights and easements	308,000	-	-	308,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	408,000	-	-	408,000
Capital assets, being depreciated				
Buildings	66,195	-	-	66,195
Equipment	203,441	2,901	-	206,342
Water system	2,947,707	-	-	2,947,707
Total water capital assets, being depreciated	3,217,343	2,901	-	3,220,244
Less accumulated depreciation for				
Buildings	(62,039)	(260)	-	(62,299)
Equipment	(183,911)	(3,237)	-	(187,148)
Water system	(1,115,214)	(122,907)	-	(1,238,121)
Total water accumulated depreciation	(1,361,164)	(126,404)	-	(1,487,568)
Total water capital assets being depreciated, net	1,856,179	(123,503)	-	1,732,676
Total water capital assets, net	2,264,179	(123,503)	-	2,140,676
Total business-type capital assets, net	\$ 3,731,253	\$ 798,984	\$ (887,292)	\$ 3,642,945

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**4. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to current function of the proprietary funds as follows:

<b><u>Business-type activities</u></b>	
Sanitation	\$ 27,565
Sewer	59,779
Water	<u>126,404</u>
 Total proprietary activities	 \$ <u>213,748</u>

**5. PENSION PLAN**

*Plan Description*

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

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

*Pension Benefits*

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

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

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**5. PENSION PLAN (Continued)**

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2023, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate 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 \$166,551 for the year ended June 30, 2023.

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

At September 30, 2023, 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, 2023, the City's proportion was .0328064 percent.

For the year ended September 30, 2023, the City recognized pension expense/(revenue) of \$364,272. At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 224,406	\$ -
Changes in assumptions or other inputs	129,638	-
Net difference between projected and actual earnings on pension plan investments	122,887	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	18,702	-
City contributions subsequent to the measurement date	46,087	-
Total	\$ <u>541,720</u>	\$ <u>-</u>

\$46,087 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 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, 2023, the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. PENSION PLAN (Continued)**

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

**Year ended June 30:**

2024	\$	169,607
2025		79,703
2026		247,944
2027		(20,323)

*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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return (net of investment expenses)	6.35%
Net 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%  
 Disabled Members – Males Pub-2010 Disable Tables, increased 38%  
 Disabled Members – Females Pub-2010 Disable 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 including mortality. The total pension liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**5. PENSION PLAN (Continued)**

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 the 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 2023.

<b>Asset Class</b>	<b>2023</b>
Cash	0.00%
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Total	100.00%

*Discount Rate*

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



**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**5. PENSION PLAN (Continued)**

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35%) or 1-percentage-point higher (7.35%) than the current rate:

	<b>1% Decrease (5.35%)</b>	<b>Current Discount Rate (6.35%)</b>	<b>1% Increase (7.35%)</b>
Employer's proportionate share of the net pension liability (asset)	\$2,354,642	\$1,309,195	\$454,739

*Pension plan fiduciary net position*

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

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

*Payables to the pension plan*

At September 30, 2023, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**6. LITIGATION AND CONTINGENT LIABILITIES**

No claims or lawsuits are pending against the City.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2023**

**7. LONG-TERM DEBT**

Long-term Obligation Activity:

General long-term obligations of the City include a bond payable to the Department of Environmental Quality (DEQ), and a purchase agreement with IBM for an AS400 system. This DEQ bond will be transferred to Eastern Idaho Regional Sewer District (EIRSD) in fiscal year 2024. During the year ending September 30, 2023, the following changes occurred in long-term debt:

	Balance 10-01-2022	Additions	Reductions	Balance 09-30-2023	Amounts due within one year
<u>Governmental Activities</u>					
Accrued interest	\$ 6,661	\$ 911	\$ -	\$ 7,572	\$ 7,572
Accrued compensation	77,282	20,719	-	98,001	60,259
Sewer bond payable	3,996,386	-	(409,495)	3,586,891	417,527
Net pension liability	976,628	101,494	-	1,078,122	-
IBM purchase agreement	1,701	-	(1,701)	-	-
Total governmental activities	5,058,658	123,124	(411,196)	4,770,586	485,358
<u>Business-type Activities</u>					
Accrued compensation	28,933	389	-	29,322	17,589
Net pension liability	245,837	-	(14,764)	231,073	-
IBM Purchase Agreement	1,700	-	(1,700)	-	-
Total business-type activities	276,470	389	(16,464)	260,395	17,589
Total long-term activities	\$ 5,335,128	\$ 123,513	\$ (845,187)	\$ 4,613,454	\$ 502,947

Debt Service Requirements:

Debt service requirements for the DEQ bond and IBM note payable on September 30, 2023, are as follows:

Year	DEQ Bond – 2%	
	Principal	Interest
2024	\$ 417,527	\$ 69,823
2025	426,118	61,232
2026	434,683	52,667
2027	443,420	43,930
2028	452,230	35,120
2029 – 2031	1,412,149	49,772
	\$ 3,586,891	\$ 312,544

**CITY OF SHELLEY - STATE OF IDAHO**  
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**8. RELATED PARTY TRANSACTIONS**

The City has not been directly involved in related party transactions that would violate the Idaho code or Federal Regulations.

**9. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

There are no known violations of direct finance-related legal and contractual provisions.

**10. RISK MANAGEMENT**

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets, errors and omission, and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers.

**11. DEFICITS AND INTERFUND TRANSACTIONS**

There were no funds with as deficit as of September 30, 2023.

There were no interfund receivables or payables as of September 30, 2023.

**12. INTERFUND TRANSFERS**

Interfund transfer for the year ended September 30, 2023, consisted of the following:

Transfer from:	<u>Revenue Sharing</u>	<u>Totals</u>
Transfer to:		
Water	2,901	2,901
Sewer	<u>2,901</u>	<u>2,901</u>
Total	<u>5,802</u>	<u>5,802</u>

**13. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of March 12, 2023. There are no known subsequent events that will have a material impact on the operation of the City.

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

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**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO**  
**A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Country Club Road Urban Renewal Area (Area) is organized and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the Area conform to accounting principles generally accepted in the United States of America as applied to governments, except for the exceptions noted hereafter. The City of Shelley (City) appoints the voting members of the Board and the Area provides a financial benefit to the City. For these reasons, the Area is considered a component unit of the City.

**A. GENERAL**

The financial statements listed in the table of contents have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Area's basic financial statements consist of government-wide financial statements, including the Statement of Net Position and the Statement of Activities, and fund financial statements which provide a more detailed level of financial reporting.

**B. REPORTING ENTITY**

The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of the Area. Other governing boards, elected or appointed, that exercise substantial or total administrative and supervisory authority in their own name are considered to be substantially autonomous from the Country Club Road Urban Renewal Area government and are not included in this report.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Area's financial statements consist of both government-wide and fund financial statements. The government-wide statements focus on the Area as a whole, while the fund statements focus on the individual funds.

***Government-wide Financial Statements***

The government-wide statements present information on all non-fiduciary activities of the government. The Area's activities are governmental in nature. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The *Statement of Net Position* presents the Area's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The Area does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO  
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For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

***Fund Financial Statements***

The financial transactions of the Area are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for governmental, proprietary, and fiduciary funds. For governmental and proprietary funds, the emphasis is on major funds, with each displayed in a separate column.

**Governmental Fund Types**

Governmental funds account for the Area's general activities including current expendable financial resources and are those through which most governmental functions of the Area are financed.

The Area reports the following major governmental fund:

- **General Fund** - This fund is the principal operating fund of the Area. It is used to account for all financial resources not required to be accounted for in another fund and is supported primarily through property taxes.

**Proprietary Fund Types – Enterprise Funds**

The Area does not have any proprietary funds.

**Fiduciary Fund Types**

The Area does not have any fiduciary funds.

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/  
NET POSITION**

Following are the Area's significant policies regarding recognition and reporting of certain assets, deferred outflows, liabilities, deferred inflows, and equity.

Cash and Investments

Cash and cash equivalents consist of demand deposits with financial institutions. The Area does not have any investments.

Taxes Receivable

Property taxes are levied in September of each year and become payable on December 20 and June 20 of the following year for real property taxes and December 20 for personal property taxes.

Property taxes attach as an enforceable lien as of December 20 following levy in September. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes not collected before December 1 are classified as revenue unavailable for use.

Deferred Outflows

In addition to assets, the Statement of Net Position and the fund-based Balance Sheet will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position/fund balance that applies to a future period, or periods, so it will not be recognized as an outflow of resources until that time. The Area does not have any deferred outflows at this time.

Long-term Obligations

The Area does not have any long-term obligations.

Deferred Inflows

The Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources in addition to liabilities. This financial statement element represents an acquisition of net position/fund balance that applies to a future period, or periods, so it will not be recognized as an inflow of resources until that time. The Country Club Road Urban Renewal Area recognizes property taxes receivable that will not be collected within 60 days as a deferred inflow.

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
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NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/  
NET POSITION (Continued)**

Net Position/Fund Balances

The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position on the government-wide and fund balance on the fund-based financial statements.

Nonspendable and Spendable Fund Balances

Fund balance is separated into nonspendable and spendable fund balance. The following is a list of nonspendable and spendable fund balance designations for the Country Club Road Urban Renewal Area.

*Nonspendable:* This designation segregates fund balances that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted:* This designation segregates a portion of the fund balance when constraints have been placed on the use of the resources either externally by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Committed:* This designation indicates a portion of the fund balance which can only be used for specific purposes pursuant to constraints imposed by formal action of the Area's board. It cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit it.

*Assigned:* This designation indicates a fund balance that can only be spent for purposes officially delegated by authority (such as the budget process) or is constrained by governmental intent, but is not restricted or committed.

*Unassigned:* This designation indicates a fund balance is not assigned to any specific purpose or is a negative fund balance. The Area may use the positive unassigned fund balance for expenditures in subsequent fiscal years.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Area generally uses restricted fund balance first, then unrestricted.



**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. BUDGETS AND BUDGETARY ACCOUNTING**

The Idaho Constitution and the Idaho Department of Revenue and Taxation prescribe the budget process and procedures for governmental subdivisions. The Country Club Road Urban Renewal Area has satisfied all of the basic requirements prescribed in the following particulars:

- 1) Formulation of subsequent year budget requirements by internal Area directors and personnel.
- 2) Perusal of formulated budgets by the Board members and management.
- 3) Presentation of preliminary and final budget requirements in formal news media of the Area.
- 4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent budget controls following adoption are accomplished through a budget-expenditure control system with interim status accounting and reporting made available to board members for management purposes. Budgets are adopted on a cash basis of accounting. The Area does not maintain a formal encumbrance accounting system.

**G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS**

There were no compensated absences or post-employment benefits payable at September 30, 2023.

**H. REVENUE RECOGNITION**

Under the modified accrual basis of accounting, revenues are recognized in governmental funds when measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Country Club Road Urban Renewal Area considers property tax revenues to be available if they are collected within 60 days after year-end. All other revenues, including sales taxes, are considered to be available if they are collected within 30 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In proprietary funds and government-wide statements, revenues are recognized when earned. Operating revenue consists of income derived from charges for services and other miscellaneous fees. All revenues not meeting this definition are reported as non-operating revenues.

**I. EXPENDITURE/EXPENSE RECOGNITION**

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period in which they are acquired or the construction takes place.

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. EXPENDITURE/EXPENSE RECOGNITION (Continued)**

In proprietary funds and government-wide statements, expenses are recorded when the related liability is incurred. Operating expenses for enterprise funds, if applicable, include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

When an expenditure or expense is incurred for purposes for which restricted, committed, assigned and unassigned resources are available, the Area generally uses restricted resources first, and then committed, assigned and unassigned resources.

**J. USE OF ESTIMATES**

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

**2. CASH AND INVESTMENTS**

Cash and cash equivalents are defined as those financial instruments that have a maturity date of three months or less from the date of acquisition.

Cash deposits and investments of the Area as of September 30, 2023, totaled \$482,547 all of which represented demand deposits. All of the deposits were allocated to governmental funds.

The deposits and simple investments by the Area are not collateralized nor are they required to be by Idaho statute. The Area follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 57-100), and applicable investment rights and restrictions cited by the Idaho Code Section, Title 67, 67-210.

Deposits

At September 30, 2023, the carrying amount of the Area's deposits in financial institutions was \$482,547. The bank balance at year end was \$482,547. At September 30, 2023, \$232,547 of the demand deposits were not covered by the FDIC.

The Area does not have a written policy addressing credit risk, custodial credit risk or interest risk.

**4. LITIGATION AND CONTINGENT LIABILITIES**

No claims or lawsuits are pending against the Area.

**5. RELATED PARTY TRANSACTIONS**

The Area has not been directly involved in related party transactions that would violate the Idaho Code or Federal Regulations.

**6. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

There are no known violations of direct finance-related legal and contractual provisions.

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO  
A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2023**

**7. RISK MANAGEMENT**

The Area is exposed to various risks related to torts: theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. They have retained the risk of loss. They have not purchased commercial insurance nor do they participate in a public entity risk pool. There currently are no liabilities for unpaid claims or outstanding annuity contracts nor are there any asserted claims. The Area is not aware of any unasserted claims as of September 30, 2023.

**8. DEFICIT FUND BALANCE**

The General Fund did not have a deficit fund balance as of September 30, 2023.

**9. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of March 12, 2024.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**GENERAL FUND**  
**For the year ended September 30, 2023**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 914,327	\$ 914,327	\$ 906,053
Fees and fines	-	-	30
Licenses and permits	122,425	122,425	153,147
Intergovernmental	308,500	308,500	463,940
Charges for services	80,626	80,626	89,104
Investment earnings	-	-	215,198
Miscellaneous	136,632	136,632	170,630
<b>TOTAL REVENUES</b>	<b>1,562,510</b>	<b>1,562,510</b>	<b>1,998,102</b>
<b>EXPENDITURES</b>			
General government	644,725	644,725	443,061
Public safety	1,331,400	1,331,400	1,197,057
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	381,851	381,851	261,022
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	969,791	969,791	80,460
<b>TOTAL EXPENDITURES</b>	<b>3,327,767</b>	<b>3,327,767</b>	<b>1,981,600</b>
Excess (deficiency) of revenues over expenditures	(1,765,257)	(1,765,257)	16,502
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	14,385
Net change in fund balances	(1,765,257)	(1,765,257)	30,887
Fund Balances, October 1, 2022	1,397,774	1,397,774	1,397,774
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<b>\$ (367,483)</b>	<b>\$ (367,483)</b>	<b>\$ 1,428,661</b>

GAAP Differences		GAAP Basis	
\$	472	\$	906,525
	-		30
	-		153,147
	(1,487)		462,453
	-		89,104
	-		215,198
	-		170,630
	(1,015)		1,997,087
	14,171		457,232
	42,431		1,239,488
	-		-
	-		-
	11,568		272,590
	-		-
	1,701		1,701
	323		323
	(65,533)		14,927
	4,661		1,986,261
	(5,676)		10,826
	-		-
	-		-
	-		-
	-		-
	-		-
	-		14,385
	(5,676)		25,211
	-		1,397,774
\$	<u>(5,676)</u>	\$	<u>1,422,985</u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**STREET FUND**  
**For the year ended September 30, 2023**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 385,000	\$ 385,000	\$ 381,037
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	599,000	599,000	665,789
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	40,000	40,000	53,142
<b>TOTAL REVENUES</b>	<b>1,024,000</b>	<b>1,024,000</b>	<b>1,099,968</b>
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	879,004	879,004	543,393
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	673,769	673,769	100,607
<b>TOTAL EXPENDITURES</b>	<b>1,552,773</b>	<b>1,552,773</b>	<b>644,000</b>
Excess (deficiency) of revenues over expenditures	(528,773)	(528,773)	455,968
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	11,760
Net change in fund balances	(528,773)	(528,773)	467,728
Fund Balances, October 1, 2022	726,426	726,426	726,426
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<b>\$ 197,653</b>	<b>\$ 197,653</b>	<b>\$ 1,194,154</b>



GAAP Differences		GAAP Basis	
\$	(54)	\$	380,983
	-		-
	-		-
	4,689		670,478
	-		-
	-		-
	(394)		52,748
	<u>4,241</u>		<u>1,104,209</u>
	-		-
	-		-
	(88,889)		454,504
	-		-
	-		-
	-		-
	-		-
	-		-
	117,767		218,374
	<u>28,878</u>		<u>672,878</u>
	(24,637)		431,331
	-		-
	-		-
	-		-
	-		-
	<u>-</u>		<u>-</u>
	-		-
	-		11,760
	(24,637)		443,091
	-		726,426
\$	<u>(24,637)</u>	\$	<u>1,169,517</u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**STATE REVENUE SHARING**  
**For the year ended September 30, 2023**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	180,000	180,000	255,430
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>180,000</b>	<b>180,000</b>	<b>255,430</b>
<b>EXPENDITURES</b>			
General government	70,800	70,800	3,800
Public safety	57,000	57,000	-
Public works	-	-	-
Health, welfare and sanitation	235,000	235,000	5,802
Culture and recreation	57,000	57,000	2,000
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	667,205	667,205	97,803
<b>TOTAL EXPENDITURES</b>	<b>1,087,005</b>	<b>1,087,005</b>	<b>109,405</b>
Excess (deficiency) of revenues over expenditures	(907,005)	(907,005)	146,025
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	-
Net change in fund balances	(907,005)	(907,005)	146,025
Fund Balances, October 1, 2022	1,023,138	1,023,138	1,023,138
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<b>\$ 116,133</b>	<b>\$ 116,133</b>	<b>\$ 1,169,163</b>

GAAP Differences		GAAP Basis	
\$	-	\$	-
	-		-
	-		-
	(527)		254,903
	-		-
	-		-
	-		-
	(527)		254,903
	-		3,800
	11,964		11,964
	-		-
	(5,802)		-
	-		2,000
	-		-
	-		-
	-		-
	-		97,803
	6,162		115,567
	(6,689)		139,336
	-		-
	-		-
	-		-
	(5,802)		(5,802)
	(5,802)		(5,802)
	-		-
	(12,491)		133,534
	-		1,023,138
\$	<u>(12,491)</u>	\$	<u>1,156,672</u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**BOND REPAYMENT FUND**  
**For the year ended September 30, 2023**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	575,000	575,000	626,242
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>575,000</b>	<b>575,000</b>	<b>626,242</b>
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Debt Service:			
Principal	487,350	487,350	487,350
Interest and other charges	-	-	-
Capital outlay	197,389	197,389	-
<b>TOTAL EXPENDITURES</b>	<b>684,739</b>	<b>684,739</b>	<b>487,350</b>
Excess (deficiency) of revenues over expenditures	(109,739)	(109,739)	138,892
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	-
Net change in fund balances	(109,739)	(109,739)	138,892
Fund Balances, October 1, 2022	129,826	129,826	129,826
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<b>\$ 20,087</b>	<b>\$ 20,087</b>	<b>\$ 268,718</b>

GAAP Differences		GAAP Basis	
\$	-	\$	-
	-		-
	-		-
	-		-
	-	626,242	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	(77,855)	409,495	-
	77,855	77,855	-
	-		-
	-	487,350	-
	-	138,892	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-	138,892	-
	-	129,826	-
\$	-	\$	268,718

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**ARPA FUND**  
**For the year ended September 30, 2023**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	-	-	-
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	592,620	592,620	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	592,620	592,620	-
Excess (deficiency) of revenues over expenditures	(592,620)	(592,620)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	-	-	-
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	-
Net change in fund balances	(592,620)	(592,620)	-
Fund Balances, October 1, 2022	-	-	-
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<b>\$ (592,620)</b>	<b>\$ (592,620)</b>	<b>\$ -</b>



**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2023**

1. The legally adopted budget for City of Shelley – State of Idaho is based on the cash basis of accounting. Adjustments to the modified accrual basis of accounting are listed as GAAP differences.
2. Debt payments are reclassified from general operating expense to show principal and interest portions of cash payments.
3. Higher operating expenses may be reflected on the GAAP basis if equipment was purchased at year-end with a partial payment budgeted in the current year and an account payable booked to reflect the final payment in the subsequent year's budget.



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**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO**  
**For the year ended September 30, 2023**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 191,211	\$ 191,211	\$ 191,211
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>191,211</b>	<b>191,211</b>	<b>191,211</b>
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Economic development	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	191,211	191,211	191,211
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	-
Net change in fund balances	191,211	191,211	191,211
Fund Balances, October 1, 2022	291,336	291,336	291,336
<b>FUND BALANCES, SEPTEMBER 30, 2023</b>	<b>\$ 482,547</b>	<b>\$ 482,547</b>	<b>\$ 482,547</b>



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**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO**  
**A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2023**

1. The legally adopted budget for the Country Club Road Urban Renewal Area – State of Idaho is based on the cash basis of accounting. Adjustments to the modified accrual basis of accounting are listed as GAAP differences.
2. Higher operating expenses may be reflected on the GAAP basis if equipment or infrastructure was purchased at year-end with a partial payment budgeted in the current year and an account payable booked to reflect the final payment in the subsequent year's budget.

**CITY OF SHELLEY - STATE OF IDAHO**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**PERSI - BASE PLAN**  
**Last 10 Fiscal Years\***

PERSI BASE PLAN						
Fiscal Year	Employer's portion of net pension liability	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportional share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability	
2015	0.0334878%	\$ 440,980	\$ 930,663	47.38%	91.38%	
2016	0.0325563%	\$ 659,966	\$ 961,875	68.61%	87.26%	
2017	0.0310210%	\$ 487,597	\$ 951,425	51.25%	90.68%	
2018	0.0295223%	\$ 435,459	\$ 943,574	46.15%	91.69%	
2019	0.0300260%	\$ 342,738	\$ 1,013,147	33.83%	93.79%	
2020	0.0310074%	\$ 720,033	\$ 1,055,504	68.22%	88.22%	
2021	0.0318779%	\$ (25,177)	\$ 1,175,426	-2.14%	100.36%	
2022	0.0310368%	\$ 1,222,465	\$ 1,209,849	101.04%	83.09%	
2023	0.0328064%	\$ 1,309,195	\$ 1,381,459	94.77%	83.83%	

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

Data reported is measured as of June 30.

**CITY OF SHELLEY - STATE OF IDAHO**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PERSI - BASE PLAN**  
**Last 10 Fiscal Years\***

<b>PERSI BASE PLAN</b>						
<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contribution in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>	
2015	\$ 106,654	\$ 106,654	\$ -	\$ 930,663	11.46%	
2016	\$ 107,572	\$ 107,572	\$ -	\$ 939,016	11.46%	
2017	\$ 106,540	\$ 106,540	\$ -	\$ 929,319	11.46%	
2018	\$ 108,951	\$ 108,951	\$ -	\$ 950,685	11.46%	
2019	\$ 120,351	\$ 120,351	\$ -	\$ 1,040,015	11.57%	
2020	\$ 135,423	\$ 135,423	\$ -	\$ 1,120,735	12.08%	
2021	\$ 143,009	\$ 143,009	\$ -	\$ 1,183,715	12.08%	
2022	\$ 148,332	\$ 148,332	\$ -	\$ 1,227,671	12.08%	
2023	\$ 173,049	\$ 173,049	\$ -	\$ 1,429,293	12.11%	

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

Data reported is measured as of September 30.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**PERSI – BASE PLAN**  
**For the Year Ended September 30, 2023**

**Methods and Assumptions Used in Calculations of Actuarily Determined Contributions**

The actuarially determined contribution rates in the employer's contributions are calculated as of June 30, 2023. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	<b>PERSI</b>
	<b>Base Plan</b>
Valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll open
Remaining amortization period	13.5 years
Asset valuation method	Fair Market value
<u>Actuarial assumptions:</u>	
Investment Rate of Return *	6.35%
Projected salary increases including inflation	3.05%
Postretirement benefit increase	1.00%
Implied price inflation rate	2.30%
Discount Rate – Actuarial Accrued Liability	6.35%

\* net of investment expenses



## **SUPPLEMENTARY INFORMATION**

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - NONMAJOR**  
**September 30, 2023**

	Street Lighting Fund	Combined L.I.D. Assessment Fund	Recreation Fund	Totals
<b>ASSETS</b>				
Cash	\$ 193,920	\$ 13,589	\$ 24,090	\$ 231,599
Receivables (net)				-
Property taxes	776	-	-	776
Sales tax	7,337	-	-	7,337
State motor users	-	-	-	-
Franchise tax	-	-	-	-
Assessments	-	-	-	-
	<u>202,033</u>	<u>13,589</u>	<u>24,090</u>	<u>239,712</u>
<b>TOTAL ASSETS</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED OUTFLOWS</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 202,033</u>	<u>\$ 13,589</u>	<u>\$ 24,090</u>	<u>\$ 239,712</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued compensation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>				
Revenue unavailable for use	<u>697</u>	<u>-</u>	<u>-</u>	<u>697</u>
<b>FUND BALANCES</b>				
Assigned	<u>201,336</u>	<u>13,589</u>	<u>24,090</u>	<u>239,015</u>
<b>TOTAL FUND BALANCES</b>	<u>201,336</u>	<u>13,589</u>	<u>24,090</u>	<u>239,015</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 202,033</u>	<u>\$ 13,589</u>	<u>\$ 24,090</u>	<u>\$ 239,712</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS - NONMAJOR**  
**For the Year Ended September 30, 2023**

	Street Lighting Fund	Combined L.I.D. Assessment Fund	Recreation Fund	Totals
<b>REVENUES</b>				
Taxes	\$ 17,627	\$ -	\$ -	\$ 17,627
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues	27,136	-	-	27,136
Entitlement	-	-	-	-
Charges for services	-	-	46,204	46,204
Investment earnings	-	113	-	113
Miscellaneous	-	-	-	-
	<u>44,763</u>	<u>113</u>	<u>46,204</u>	<u>91,080</u>
<b>TOTAL REVENUES</b>				
	<u>44,763</u>	<u>113</u>	<u>46,204</u>	<u>91,080</u>
<b>EXPENDITURES</b>				
Administration	-	-	805	805
Maintenance	-	-	-	-
Parks and recreation	-	-	42,373	42,373
Snow and ice control	-	-	-	-
Trash	-	-	-	-
Street cleaning	-	-	-	-
Street lights	17,467	-	-	17,467
Traffic lights	1,349	-	-	1,349
Capital outlay	-	-	-	-
	<u>18,816</u>	<u>-</u>	<u>43,178</u>	<u>61,994</u>
<b>TOTAL EXPENDITURES</b>				
	<u>18,816</u>	<u>-</u>	<u>43,178</u>	<u>61,994</u>
Excess of revenues over (under) expenditures	25,947	113	3,026	29,086
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	25,947	113	3,026	29,086
<b>FUND BALANCES - October 1, 2022</b>	<u>175,389</u>	<u>13,476</u>	<u>21,064</u>	<u>209,929</u>
<b>FUND BALANCES - September 30, 2023</b>	<u>\$ 201,336</u>	<u>\$ 13,589</u>	<u>\$ 24,090</u>	<u>\$ 239,015</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - DEBT SERVICE FUNDS - NONMAJOR**  
**September 30, 2023**

	Sewer Bond Reserve Fund	Totals
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 696,180	\$ 696,180
Receivables (net)		
Due from other funds	-	-
Deferred assessments	-	-
Delinquent assessments	-	-
	<u>696,180</u>	<u>696,180</u>
<b>TOTAL ASSETS</b>	<u>696,180</u>	<u>696,180</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 696,180</u>	<u>\$ 696,180</u>
<b>LIABILITIES</b>		
Due to other funds	\$ <u>-</u>	\$ <u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>		
Revenue unavailable for use	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	<u>696,180</u>	<u>696,180</u>
<b>TOTAL FUND BALANCE</b>	<u>696,180</u>	<u>696,180</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 696,180</u>	<u>\$ 696,180</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS - NONMAJOR**  
**For the Year Ended September 30, 2023**

	Sewer Bond Reserve Fund	Totals
<b>REVENUES</b>		
Interest	\$ -	\$ -
Bond reserve revenue	62,612	62,612
Current assessments	-	-
	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>62,612</u>	<u>62,612</u>
<b>EXPENDITURES</b>		
Bond interest	-	-
Bond principle	-	-
Other	-	-
	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	62,612	62,612
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	-	-
Operating transfers out	-	-
	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	62,612	62,612
<b>FUND BALANCE - October 1, 2022</b>	<u>633,568</u>	<u>633,568</u>
<b>FUND BALANCE - September 30, 2023</b>	<u>\$ 696,180</u>	<u>\$ 696,180</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - PROPRIETARY FUNDS - NONMAJOR**  
**September 30, 2023**

	Water Reserve Fund	Sewer Reserve Fund	Totals
<b>ASSETS</b>			
Cash	\$ 990,413	\$ 562,266	\$ 1,552,679
Receivables (net)			
Due from other funds	-	-	-
Deferred assessments	-	-	-
Delinquent assessments	-	-	-
<b>TOTAL ASSETS</b>	<u>990,413</u>	<u>\$ 562,266</u>	<u>1,552,679</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 990,413</u></u>	<u><u>562,266</u></u>	<u><u>\$ 1,552,679</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>			
Revenue unavailable for use	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Restricted	<u>990,413</u>	<u>562,266</u>	<u>1,552,679</u>
<b>TOTAL FUND BALANCE</b>	<u>990,413</u>	<u>562,266</u>	<u>1,552,679</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u><u>\$ 990,413</u></u>	<u><u>\$ 562,266</u></u>	<u><u>\$ 1,552,679</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**PROPRIETARY FUNDS - NONMAJOR**  
**For the Year Ended September 30, 2023**

	Water Reserve Fund	Sewer Reserve Fund	Totals
<b>REVENUES</b>			
Bond reserve revenue	\$ 60,400	\$ 150,419	\$ 210,819
<b>TOTAL REVENUES</b>	<u>60,400</u>	<u>150,419</u>	<u>210,819</u>
<b>EXPENDITURES</b>			
Administration	5,000	6,639	11,639
Miscellaneous	-	112,576	112,576
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,000</u>	<u>119,215</u>	<u>124,215</u>
Excess of revenues over (under) expenditures	55,400	31,204	86,604
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	55,400	31,204	86,604
<b>FUND BALANCE - October 1, 2022</b>	<u>935,013</u>	<u>531,062</u>	<u>1,466,075</u>
<b>FUND BALANCE - September 30, 2023</b>	<u>\$ 990,413</u>	<u>\$ 562,266</u>	<u>\$ 1,552,679</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - FIDUCIARY FUND TYPES - PRIVATE PURPOSE TRUST FUNDS**  
**September 30, 2023**

	Shelley Riverwalk Trust Fund	Totals
<b>ASSETS</b>		
Cash	\$ 426	\$ 426
Receivables (net)	-	-
Due from other funds	-	-
Construction in progress	-	-
	<u>          </u>	<u>          </u>
TOTAL ASSETS	\$ <u>426</u>	\$ <u>426</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Deferred revenue	-	-
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Unreserved	<u>426</u>	<u>426</u>
	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>426</u>	<u>426</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ <u>426</u>	\$ <u>426</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FIDUCIARY FUND TYPES - PRIVATE PURPOSE TRUST FUNDS**  
**For the Year Ended September 30, 2023**

	Shelley Riverwalk Trust Fund	Totals
<b>REVENUES</b>		
Taxes	\$ -	\$ -
Fees and fines	-	-
Licenses and permits	-	-
Intergovernmental revenues	-	-
Entitlement	-	-
Charges for services	-	-
Investment earnings	-	-
Miscellaneous	-	-
	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>		
Administration	-	-
Maintenance	-	-
Parks and recreation	-	-
Snow and ice control	-	-
Trash	-	-
Street cleaning	-	-
Street lights	-	-
Traffic lights	-	-
Trust remittances	-	-
	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	-	-
Other financing sources (uses):		
Capital distributions	-	-
Operating transfers in	-	-
Operating transfers out	-	-
	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-
<b>FUND BALANCES - October 1, 2022</b>	<u>426</u>	<u>426</u>
<b>FUND BALANCES - September 30, 2023</b>	<u>\$ 426</u>	<u>\$ 426</u>

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## **OTHER SUPPLEMENTARY INFORMATION**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

**The Honorable Mayor and City Council  
City of Shelley – State of Idaho  
Shelley, Idaho**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shelley, State of Idaho, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 12, 2023.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the City of Shelley, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Shelley's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Shelley'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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control, as defined above, that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Shelley, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any 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 result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Searle Hart + Associates PLLC*

Idaho Falls, Idaho  
March 12, 2023