

**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, 2021**

**CITY OF SHELLEY - STATE OF IDAHO  
FINANCIAL STATEMENTS  
For the Year Ended September 30, 2021**

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FINANCIAL STATEMENTS  
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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

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Shelley, Idaho, as of September 30, 2021, 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.

## **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 May 10, 2022, 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.

Idaho Falls, Idaho  
May 10, 2022

**MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

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, 2021. 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 2021 by \$10,469,948 (net position). The City had a negative governmental unrestricted net position of \$1,195,726 at year end due to the City's debt associated with the regional wastewater facility.
- The City's total net position increased by \$1,552,580 in comparison with the prior year mainly due to capital improvements.
- As of the close of the fiscal year 2021, the City's governmental funds reported combined ending fund balances of \$5,048,548, an increase of \$505,421 in comparison with the prior year. Approximately \$1,733,318 of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year 2021, unassigned fund balance for the General Fund was \$1,733,318.

**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, 2021**

The government-wide financial statements include not only the City of Shelley itself (known as the primary government), but also, the legally separate Shelley Urban Renewal Agency (SURA) and the 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, 2021**

**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 \$10,469,948 as of September 30, 2021.

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 2021 compared to 2020:

	2021	2020
<b>Assets:</b>		
Current and other assets	\$ 10,321,979	\$ 8,569,073
Capital assets (net of depreciation)	5,948,573	5,942,523
Total assets	16,270,552	14,511,596
Deferred outflows:	374,797	180,776
<b>Liabilities:</b>		
Current and other liabilities	810,457	3,150
Long-term liabilities	4,559,535	5,748,343
Total liabilities	5,369,992	5,751,493
Deferred inflows:	805,409	23,511
<b>Net position:</b>		
Net investment in capital assets	5,931,581	5,928,639
Restricted	1,420,764	1,277,368
Unrestricted	3,117,603	1,711,361
Total net position	\$ 10,469,948	\$ 8,917,368

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 Wastewater Authority (EIRWWA). The assets for the wastewater project were transferred to EIRWWA; however, the debt remains an obligation of the City.

The restricted portion of the City's net position, \$1,420,764 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, 2021**

The net position of the City, as a whole, increased \$1,552,580 from \$8,917,368 at September 30, 2020 to \$10,469,948 at September 30, 2021.

**Governmental Activities:** Governmental activities increased the City's net position by \$1,213,556. A decrease in the long-term liabilities and an increase in the capital assets were the main reason for this increase.

**Business-type Activities:** Business-type operating activities increased the City's net position by \$339,024. 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 2021 and 2020:

	2021 Governmental Activities	2020 Governmental Activities	2021 Business- Type Activities	2020 Business- Type Activities
<b>Revenue:</b>				
Program revenue:				
Fees, fines & charges for services	\$ 334,737	\$ 257,118	\$ 2,010,615	\$ 1,868,434
Operating grants & contributions	397,921	245,016	-	-
Capital grants & contributions	-	-	-	20,000
General revenues:				
Property taxes	1,125,981	1,075,293	-	-
Assessments for debt service	630,746	602,713	-	-
Franchise taxes	154,657	153,118	-	-
Public services taxes	388,575	252,727	-	-
Grants/contributions, unrestricted	455,928	180,170	-	-
Unrestricted investment earnings	(14,565)	244,067	(995)	15,848
Miscellaneous	102,843	91,298	19,137	2,575
Gain (loss) on sale of assets	35,000	250	-	250
Transfers	-	(7,987)	-	7,987
<b>Total Revenue and Transfers</b>	<b>3,611,823</b>	<b>3,093,783</b>	<b>2,028,757</b>	<b>1,915,094</b>
<b>Expenses:</b>				
General government	338,200	480,611	-	-
Public safety	927,095	834,150	-	-
Public works/streets	646,633	668,305	-	-
Health, welfare and sanitation	-	9,823	-	-
Culture and recreation	386,147	281,081	-	-
Interest on long-term debt	100,192	109,467	-	-
Water	-	-	441,645	433,982
Sewer	-	-	870,544	877,645
Sanitation	-	-	377,544	384,098
<b>Total expenses</b>	<b>2,398,267</b>	<b>2,383,437</b>	<b>1,689,733</b>	<b>1,695,725</b>
<b>Change in net position</b>	<b>\$ 1,213,556</b>	<b>\$ 710,346</b>	<b>\$ 339,024</b>	<b>\$ 219,369</b>

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2021**

**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, 2021, the City's governmental funds reported combined ending fund balances of \$5,048,548, an increase of \$505,421 in comparison with the prior year. Approximately 34% of this total amount, \$1,733,318, 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, 2021, the fund balance of the General Fund was \$1,733,318, while total fund balance was \$5,048,548. 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 90% of the annual expenditures while total governmental fund balance is 159% of total expenditures.

The fund balance of the City's General Fund increased by \$15,635 during the current fiscal year. There were a variety of factors affecting this increase in the fund balance during the year.

**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, 2021, had a combined net position of \$7,282,689. The total increase in net position for the funds was \$339,024. 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 2020 – 2021 budget.

	Budgeted	Expended - Budgetary Basis
General Fund	\$ 2,890,400	\$ 1,922,770
Street Fund	1,088,818	598,186
Revenue Sharing Fund	862,296	94,415
Bond Repayment Fund	1,316,797	487,350
Other Special Revenue Funds	183,761	64,418
Other Debt Service Funds	569,553	-
Sanitation Fund	697,907	361,998
Water Fund	1,416,721	428,925
Sewer Fund	2,174,432	460,043
Other Proprietary Funds	842,663	-
Total Expenditures/Expenses	\$ 12,043,348	\$ 4,418,105

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, 2021**

**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, 2021, was \$5,948,573 (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 EIRWWA project. The City has continued paying the DEQ loan payment regarding this note and paid \$393,516 of principle and \$106,100 of paid and accrued interest during the fiscal year. The outstanding balance as of September 30, 2021 was \$4,397,812.

**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 is looking at expansion. Our tax base has increased substantially, and this employer brings over 300 employees to our area. The meat packing business joins Basic American Foods and the Shelley School District as major employers in the City.

We have had major construction of apartment buildings in the city over the past few years. The Sunset Vista Subdivision is beginning Phases 2 and 3 and will also be constructing town homes within the development. A new subdivision named The Parks Subdivision is under construction and will provide about 196 residential homes and 98 Townhomes. This subdivision will have larger lots as it is in a Residential Estate zone. There was an annexation of 104 acres to the east of the city and north of the Parks Subdivision which is going through the platting process to provide 375 residential dwellings. The city has seen a lot of residential growth this past year and is projected to continue into 2022 and 2023.

**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, but continues to remain open while finishing a sewer facility planning study.

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 may be amended to create another TIF to help Golden Valley with an environmental concern which is disposal of their waste water. If approved the plan will be amended and the TIF will expire is approximately six 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, 2021**

	Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
<b>ASSETS</b>				
Cash and investments	\$ 3,841,569	\$ 4,671,825	\$ 8,513,394	\$ 67,080
Taxes receivable	42,844	-	42,844	-
Receivables	15,475	23,403	38,878	-
Due from other funds	-	-	-	-
Due from other governmental agencies	235,499	-	235,499	-
Inventories	-	-	-	-
Prepaid expenses	-	70,600	70,600	-
Restricted cash and investments	1,420,764	-	1,420,764	-
<b>Capital Assets</b>				
Land and other assets not being depreciated	792,088	444,915	1,237,003	-
Construction in progress	-	349,290	349,290	-
Infrastructure	2,204,395	3,649,921	5,854,316	-
Buildings	1,178,698	320,449	1,499,147	-
Equipment and furniture	1,461,876	1,239,433	2,701,309	-
Less: accumulated depreciation	(2,661,114)	(3,031,378)	(5,692,492)	-
Total Capital Assets	2,975,943	2,972,630	5,948,573	-
<b>TOTAL ASSETS</b>	<b>8,532,094</b>	<b>7,738,458</b>	<b>16,270,552</b>	<b>67,080</b>
<b>DEFERRED OUTFLOWS - Pension</b>	<b>\$ 290,843</b>	<b>\$ 83,954</b>	<b>\$ 374,797</b>	<b>\$ -</b>

	Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ -	\$ 330,147	\$ 330,147	\$ -
Due to other governmental agencies	480,310	-	480,310	-
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	454,680	3,270	457,950	-
Accrued interest	13,722	-	13,722	-
Compensated absences	50,425	17,476	67,901	-
Claims and judgments	-	-	-	-
<b>Due in more than one year</b>				
Bonds, capital leases and contracts, net of unamortized bond costs	3,998,087	1,700	3,999,787	-
Accrued interest	-	-	-	-
Compensated absences	32,993	12,359	45,352	-
Net pension liability	(19,537)	(5,640)	(25,177)	-
<b>TOTAL LIABILITIES</b>	<u>5,010,680</u>	<u>359,312</u>	<u>5,369,992</u>	<u>-</u>
<b>DEFERRED INFLOWS - Pension</b>	<u>624,998</u>	<u>180,411</u>	<u>805,409</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,962,221	2,969,360	5,931,581	-
Restricted for:				
Capital projects	-	-	-	-
Debt service	1,420,764	-	1,420,764	-
Other projects	-	-	-	67,080
Unrestricted	(1,195,726)	4,313,329	3,117,603	-
<b>TOTAL NET POSITION</b>	<u>\$ 3,187,259</u>	<u>\$ 7,282,689</u>	<u>\$ 10,469,948</u>	<u>\$ 67,080</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 338,200	\$ 202,896	\$ 149,243	\$ -
Public safety	927,095	-	15,433	-
Public works	646,633	-	233,245	-
Health, welfare and sanitation	-	-	-	-
Culture and recreation	386,147	131,841	-	-
Education	-	-	-	-
Interest on long-term debt	100,192	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>2,398,267</b>	<b>334,737</b>	<b>397,921</b>	<b>-</b>
Business-type activities:				
Sanitation	377,544	391,873	-	-
Water	441,645	617,030	-	-
Sewer	870,544	498,637	-	-
Other business-type activities	-	503,075	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,689,733</b>	<b>2,010,615</b>	<b>-</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,088,000</b>	<b>\$ 2,345,352</b>	<b>\$ 397,921</b>	<b>\$ -</b>
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 220,559</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, 2020

**NET POSITION, SEPTEMBER 30, 2021**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
\$ 13,939		\$ 13,939	
(911,662)		(911,662)	
(413,388)		(413,388)	
-		-	
(254,306)		(254,306)	
-		-	
<u>(100,192)</u>		<u>(100,192)</u>	
<u>(1,665,609)</u>		<u>(1,665,609)</u>	
	\$ 14,329	14,329	
	175,385	175,385	
	(371,907)	(371,907)	
	<u>503,075</u>	<u>503,075</u>	
	320,882	320,882	
<u>(1,665,609)</u>	<u>320,882</u>	<u>(1,344,727)</u>	
			\$ <u>(220,559)</u>
1,125,981	-	1,125,981	261,093
630,746	-	630,746	-
154,657	-	154,657	-
388,575	-	388,575	-
455,928	-	455,928	-
(14,565)	(995)	(15,560)	-
102,843	19,137	121,980	1
35,000	-	35,000	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,879,165</u>	<u>18,142</u>	<u>2,897,307</u>	<u>261,094</u>
1,213,556	339,024	1,552,580	40,535
<u>1,973,703</u>	<u>6,943,665</u>	<u>8,917,368</u>	<u>26,545</u>
<u>\$ 3,187,259</u>	<u>\$ 7,282,689</u>	<u>\$ 10,469,948</u>	<u>\$ 67,080</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2021**

	<u>General Fund</u>	<u>Street Fund</u>	<u>State Revenue Sharing</u>	<u>Bond Repayment Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,110,018	\$ 709,756	\$ 859,413	\$ -
Restricted cash and cash equivalents	-	-	-	848,103
Investments	-	-	-	-
Taxes receivable, net	29,297	12,789	-	-
Due from other funds	-	-	-	-
Receivable from other governments	93,036	78,774	70,697	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<u>2,232,351</u>	<u>801,319</u>	<u>930,110</u>	<u>848,103</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 2,232,351</u>	<u>\$ 801,319</u>	<u>\$ 930,110</u>	<u>\$ 848,103</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Payable to other governments	480,310	-	-	-
Other accrued expenses	-	-	-	-
Other payables	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>480,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>				
Revenue unavailable for use	<u>18,723</u>	<u>8,091</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted				
Debt Service	-	-	-	848,103
Urban Renewal	-	-	-	-
Assigned				
Streets	-	793,228	-	-
Recreation	-	-	-	-
Capital Outlay	-	-	930,110	-
Unassigned	<u>1,733,318</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>1,733,318</u>	<u>793,228</u>	<u>930,110</u>	<u>848,103</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 2,232,351</u>	<u>\$ 801,319</u>	<u>\$ 930,110</u>	<u>\$ 848,103</u>

Other Governmental Funds	Total Governmental Funds	Shelley Urban Renewal Area	Country Club Urban Renewal	Total Urban Renewal
\$ 162,382	\$ 3,841,569	\$ 16,101	\$ 50,979	\$ 67,080
572,661	1,420,764	-	-	-
-	-	-	-	-
758	42,844	-	-	-
-	-	-	-	-
8,467	250,974	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>744,268</u>	<u>5,556,151</u>	<u>16,101</u>	<u>50,979</u>	<u>67,080</u>
-	-	-	-	-
<u>\$ 744,268</u>	<u>\$ 5,556,151</u>	<u>\$ 16,101</u>	<u>\$ 50,979</u>	<u>\$ 67,080</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	480,310	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>480,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>479</u>	<u>27,293</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
572,661	1,420,764	-	-	-
-	-	16,101	50,979	67,080
145,340	938,568	-	-	-
12,341	12,341	-	-	-
13,447	943,557	-	-	-
-	1,733,318	-	-	-
<u>743,789</u>	<u>5,048,548</u>	<u>16,101</u>	<u>50,979</u>	<u>67,080</u>
<u>\$ 744,268</u>	<u>\$ 5,556,151</u>	<u>\$ 16,101</u>	<u>\$ 50,979</u>	<u>\$ 67,080</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, 2021**

	<u>Governmental Funds</u>	<u>Component Units</u>
Total fund balance, governmental funds:	\$ 5,048,548	\$ 67,080
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.	2,975,943	-
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	19,537	-
Deferred outflows associated with the net pension liability	290,843	-
Deferred inflows associated with the net pension liability	(624,998)	-
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.	27,293	-
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.	<u>(4,549,907)</u>	<u>-</u>
Net position of governmental activities in the Statement of Net Position:	<u>\$ 3,187,259</u>	<u>\$ 67,080</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	General Fund	Street Fund	State Revenue Sharing	Bond Repayment Fund
<b>REVENUES</b>				
Property taxes	\$ 775,104	\$ 341,211	\$ -	\$ -
Fees and fines	80	-	-	-
Licenses and permits	161,872	-	-	-
Intergovernmental revenues	788,612	324,931	242,583	-
Charges for services	106,328	-	-	573,374
Investment earnings	(14,572)	-	-	-
Miscellaneous	120,981	54,537	-	-
<b>TOTAL REVENUES</b>	<b>1,938,405</b>	<b>720,679</b>	<b>242,583</b>	<b>573,374</b>
<b>EXPENDITURES</b>				
Current:				
General government	437,628	-	-	-
Public safety	877,839	-	5,458	-
Public works	-	463,822	-	-
Health and sanitation	-	-	-	-
Culture and recreation	326,403	-	2,610	-
Education	-	-	-	-
Economic development	-	-	-	-
Debt Service:				
Principal	3,101	-	48,482	393,516
Interest and other charges	368	-	3,052	93,834
Capital outlay	277,431	134,364	34,813	-
<b>TOTAL EXPENDITURES</b>	<b>1,922,770</b>	<b>598,186</b>	<b>94,415</b>	<b>487,350</b>
Excess (deficiency) of revenues over expenditures	15,635	122,493	148,168	86,024
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SPECIAL ITEM</b>				
Proceeds from sale of assets	-	35,000	-	-
Net change in fund balances	15,635	157,493	148,168	86,024
Fund Balances, October 1, 2020	1,717,683	635,735	781,942	762,079
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 1,733,318</b>	<b>\$ 793,228</b>	<b>\$ 930,110</b>	<b>\$ 848,103</b>

Other Governmental Funds	Total Governmental Funds	Shelley Urban Renewal Area	Country Club Urban Renewal	Total Urban Renewal
\$ 20,280	\$ 1,136,595	\$ -	\$ 261,093	\$ 261,093
-	80	-	-	-
-	161,872	-	-	-
33,899	1,390,025	-	-	-
47,735	727,437	-	-	-
7	(14,565)	-	-	-
60,598	236,116	1	-	1
<u>162,519</u>	<u>3,637,560</u>	<u>1</u>	<u>261,093</u>	<u>261,094</u>
-	437,628	-	-	-
-	883,297	-	-	-
28,055	491,877	-	-	-
-	-	-	-	-
36,363	365,376	-	-	-
-	-	-	-	-
-	-	-	220,559	220,559
-	445,099	-	-	-
-	97,254	-	-	-
-	446,608	-	-	-
<u>64,418</u>	<u>3,167,139</u>	<u>-</u>	<u>220,559</u>	<u>220,559</u>
98,101	470,421	1	40,534	40,535
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
98,101	505,421	1	40,534	40,535
<u>645,688</u>	<u>4,543,127</u>	<u>16,100</u>	<u>10,445</u>	<u>26,545</u>
\$ <u><u>743,789</u></u>	\$ <u><u>5,048,548</u></u>	\$ <u><u>16,101</u></u>	\$ <u><u>50,979</u></u>	\$ <u><u>67,080</u></u>



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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, 2021**

	<u>Governmental Funds</u>	<u>Component Units</u>
Net change in fund balances - total governmental funds:	\$ 505,421	\$ 40,535
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 \$446,608 and depreciation of \$293,660 in the current period.	152,948	-
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.	(10,614)	-
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.	445,099	-
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	(2,938)	-
Net change in pension expense not reflected in the governmental funds	121,858	-
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.	1,782	-
Change in net position of governmental activities:	<u>\$ 1,213,556</u>	<u>\$ 40,535</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND TYPES**  
**September 30, 2021**

	Sanitation Fund	Water Fund	Sewer Fund	Other Enterprise Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 415,761	\$ 1,172,616	\$ 1,784,826	\$ 1,298,622
Receivables	2,882	5,269	15,252	-
Prepaid expenses	-	-	70,600	-
Restricted cash and equivalents	-	-	-	-
Construction in progress	-	349,290	-	-
Land and water rights	36,915	408,000	-	-
Buildings	181,633	66,195	72,621	-
Enterprise system assets	-	2,565,482	1,084,439	-
Equipment	590,446	185,629	463,358	-
Accumulated depreciation	(580,775)	(1,230,707)	(1,219,896)	-
<b>TOTAL ASSETS</b>	<b>646,862</b>	<b>3,521,774</b>	<b>2,271,200</b>	<b>1,298,622</b>
<b>DEFERRED OUTFLOWS - Pension</b>	<b>31,595</b>	<b>29,946</b>	<b>22,413</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	330,147
Due to other funds	-	-	-	-
<b>Long - term liabilities</b>				
<b>Due within one year</b>				
Bonds, capital leases and contracts	589	1,635	1,046	-
Accrued interest	-	-	-	-
Accrued compensation	5,689	8,317	3,470	-
<b>Due in more than one year</b>				
Bonds, capital leases and contracts	306	850	544	-
Accrued interest	-	-	-	-
Accrued compensation	4,289	5,647	2,423	-
Net pension liability	(2,122)	(2,012)	(1,506)	-
<b>TOTAL LIABILITIES</b>	<b>8,751</b>	<b>14,437</b>	<b>5,977</b>	<b>330,147</b>
<b>DEFERRED INFLOWS - Pension</b>	<b>67,896</b>	<b>64,352</b>	<b>48,163</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	227,324	2,341,404	400,522	-
Restricted for				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Other projects	-	-	-	-
Unrestricted	374,486	1,131,527	1,838,951	968,475
<b>TOTAL NET POSITION</b>	<b>\$ 601,810</b>	<b>\$ 3,472,931</b>	<b>\$ 2,239,473</b>	<b>\$ 968,475</b>

	<u>Total</u>
\$	4,671,825
	23,403
	70,600
	-
	349,290
	444,915
	320,449
	3,649,921
	1,239,433
	<u>(3,031,378)</u>
	<u>7,738,458</u>
	<u>83,954</u>
	330,147
	-
	3,270
	-
	17,476
	1,700
	-
	12,359
	<u>(5,640)</u>
	<u>359,312</u>
	<u>180,411</u>
	2,969,250
	-
	-
	-
	<u>4,313,439</u>
\$	<u><u>7,282,689</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, 2021**

	Sanitation Fund	Water Fund	Sewer Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 391,873	\$ 617,030	\$ 498,637
Miscellaneous operating revenues	9,731	-	9,406
<b>TOTAL OPERATING REVENUES</b>	<b>401,604</b>	<b>617,030</b>	<b>508,043</b>
<b>OPERATING EXPENSES</b>			
Personal services	133,394	127,912	93,230
Contractual and professional services	3,445	21,064	31,840
Other supplies and expense	183,096	70,511	14,769
Repairs and maintenance	25,774	17,238	8,209
Utilities	1,348	95,172	302,544
Depreciation	30,421	109,565	89,688
<b>TOTAL OPERATING EXPENSE</b>	<b>377,478</b>	<b>441,462</b>	<b>540,280</b>
<b>OPERATING INCOME (LOSS)</b>	<b>24,126</b>	<b>175,568</b>	<b>(32,237)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest revenue	(189)	(403)	(403)
Grants	-	-	-
Miscellaneous revenue	-	-	-
Miscellaneous expense	-	-	-
Gain(loss) on sale of assets	-	-	-
Interest expense	(66)	(183)	(117)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(255)</b>	<b>(586)</b>	<b>(520)</b>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>	<b>23,871</b>	<b>174,982</b>	<b>(32,757)</b>
<b>OTHER REVENUE, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>			
Capital contributions	-	-	-
Capital distributions	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>CHANGE IN NET POSITION</b>	<b>23,871</b>	<b>174,982</b>	<b>(32,757)</b>
<b>NET POSITION - October 1, 2020</b>	<b>577,939</b>	<b>3,297,949</b>	<b>2,272,230</b>
<b>NET POSITION - September 30, 2021</b>	<b>\$ 601,810</b>	<b>\$ 3,472,931</b>	<b>\$ 2,239,473</b>

Other Enterprise Funds		Total	
\$	503,075	\$	2,010,615
	-		19,137
	<u>503,075</u>		<u>2,029,752</u>
	-		354,536
	-		56,349
	330,147		598,523
	-		51,221
	-		399,064
	-		<u>229,674</u>
	<u>330,147</u>		<u>1,689,367</u>
	<u>172,928</u>		<u>340,385</u>
	-		(995)
	-		-
	-		-
	-		-
	-		-
	-		<u>(366)</u>
	-		<u>(1,361)</u>
	172,928		339,024
	-		-
	-		-
	-		-
	-		-
	<u>172,928</u>		<u>339,024</u>
	<u>795,547</u>		<u>6,943,665</u>
\$	<u><u>968,475</u></u>	\$	<u><u>7,282,689</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2021**

	<u>Sanitation Fund</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 402,227
Cash payments for goods and services	(213,663)
Cash payments to employees	<u>(147,713)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>40,851</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	-
Payments on capital debt	<u>(624)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(624)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>(189)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(189)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>40,038</u>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>375,723</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 415,761</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>	
Operating income (loss)	\$ 24,126
Adjustments to reconcile operating income to net cash provided (used)	
by operating activities:	
Depreciation	30,421
Pension expense associated with net pension liability	(14,904)
(Increase) decrease in:	
Utility receivables	623
Prepaid ERU's	-
Increase (decrease) in:	
Accounts payable	-
Accrued compensation	<u>585</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 40,851</u>

<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
\$ 618,732	\$ 509,503	\$ 503,075	\$ 2,033,537
(207,135)	(357,362)	-	(778,160)
<u>(137,280)</u>	<u>(101,571)</u>	<u>-</u>	<u>(386,564)</u>
274,317	50,570	503,075	868,813
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
(82,776)	-	-	(82,776)
<u>(1,734)</u>	<u>(1,110)</u>	<u>-</u>	<u>(3,468)</u>
<u>(84,510)</u>	<u>(1,110)</u>	<u>-</u>	<u>(86,244)</u>
<u>(403)</u>	<u>(403)</u>	<u>-</u>	<u>(995)</u>
<u>(403)</u>	<u>(403)</u>	<u>-</u>	<u>(995)</u>
189,404	49,057	503,075	781,574
<u>983,212</u>	<u>1,735,769</u>	<u>795,547</u>	<u>3,890,251</u>
\$ <u>1,172,616</u>	\$ <u>1,784,826</u>	\$ <u>1,298,622</u>	\$ <u>4,671,825</u>
\$ 175,568	\$ (32,237)	\$ 172,928	\$ 340,385
109,565	89,688	-	229,674
(11,600)	(8,971)	-	(35,475)
1,702	1,460	-	3,785
-	-	-	-
(3,150)	-	330,147	326,997
<u>2,232</u>	<u>630</u>	<u>-</u>	<u>3,447</u>
\$ <u>274,317</u>	\$ <u>50,570</u>	\$ <u>503,075</u>	\$ <u>868,813</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND TYPES**  
**September 30, 2021**

	<b><u>PRIVATE PURPOSE TRUST FUNDS</u></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	-
<b>TOTAL ASSETS</b>	<u>426</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>
<b>LIABILITIES</b>	
Accounts payable	-
Deferred revenue	-
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>DEFERRED INFLOWS</b>	<u>-</u>
<b>NET POSITION</b>	<u>426</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 426</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND TYPES**  
**For the Year Ended September 30, 2021**

	<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, 2020</b>	<hr/> 426
<b>NET POSITION - September 30, 2021</b>	\$ <u><u>426</u></u>

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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, 2021**

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**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**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, 2021**

**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, 2021**

**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.

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, 2021**

**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 Agency Funds – Private Purpose Trust Funds account for funds held in a trustee capacity. Agency funds are purely custodial in nature. The City currently has one private purpose trust fund and does not have any agency 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, 2021**

**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, 2021**

**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, 2021**

**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, 2021, unrecorded fund liabilities included approximately \$83,418 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, 2021**

**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, 2021**

**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, 2021, totaled \$9,934,584, of which \$2,377,116 represented demand deposits and \$7,557,468 represented investments. Of the total deposits of the City, \$5,262,333 was allocated to governmental funds, \$4,671,825 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 \$2,377,116 and the bank balance was \$2,494,470. The amount not covered by FDIC insurance was \$1,980,759.

Investments

The fair value of the City's investments at year end was \$7,557,468. Of the investments, \$6,781,484 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	\$ 6,385,311	\$ 2,736,313	\$ 3,648,998	\$ -	N/A	84.49%
Corporate Bonds	128,571	-	128,571	-	Aaa	1.70%
Corporate Bonds	163,731	-	163,731	-	A1	2.17%
Corporate Bonds	313,664	-	313,664	-	A2	4.15%
Corporate Bonds	290,207	128,914	161,293	-	A3	3.84%
Money Market	275,984	275,984	-	-	N/A	3.65%
Total Investments	\$ <u>7,557,468</u>	\$ <u>3,141,211</u>	\$ <u>4,416,257</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, 2021**

**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				
Certificates of deposit	\$ -	\$ 6,385,311	-	6,385,311
Corporate bonds	-	896,173	-	896,173
	<u>\$ -</u>	<u>7,281,484</u>	<u>-</u>	<u>7,281,484</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, 2021**

**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, 2021 was as follows:

	Balance 10-01-2020	Additions	Deletions	Balance 09-30-2021
<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	2,070,031	134,364	-	2,204,395
Buildings and improvements	901,267	277,431	-	1,178,698
Machinery and equipment	1,439,563	34,813	(12,500)	1,461,876
Total capital assets, being depreciated	4,410,861	446,608	(12,500)	4,844,969
Less accumulated depreciation for				
Infrastructure	(682,445)	(168,651)	-	(851,096)
Buildings and improvements	(660,694)	(27,939)	-	(688,633)
Machinery and equipment	(1,036,815)	(97,070)	12,500	(1,121,385)
Leased equipment	-	-	-	-
Total accumulated depreciation	(2,379,954)	(293,660)	12,500	(2,661,114)
Total capital assets, being depreciated, net	2,030,907	152,948	-	2,183,855
Governmental activity, capital assets, net	\$ 2,822,995	\$ 152,948	\$ -	\$ 2,975,943

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

**Governmental activities**

General government	\$ 21,988
Public works	201,159
Public safety	49,256
Parks and recreation	21,257
Current depreciation expense	\$ 293,660

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**4. CAPITAL ASSETS (Continued)**

	Balance 10-01-2020	Additions	Deletions	Balance 09-30-2021
<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	(103,641)	(4,563)	-	(108,204)
Equipment	(446,713)	(25,858)	-	(472,571)
Total sanitation accumulated depreciation	(550,354)	(30,421)	-	(580,775)
Total sanitation capital assets, being depreciated, net	221,725	(30,421)	-	191,304
Total sanitation capital assets, net	258,640	(30,421)	-	228,219
<b>Sewer:</b>				
Capital assets, not being depreciated				
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	-	-	-	-
Capital assets, being depreciated				
Buildings	72,621	-	-	72,621
Equipment	467,733	-	(4,375)	463,358
Sewer system	1,084,439	-	-	1,084,439
Total sewer capital assets, being depreciated	\$ 1,624,793	\$ -	\$ (4,375)	\$ 1,620,418

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**4. CAPITAL ASSETS (Continued)**

	Balance 10-01-2020	Additions	Deletions	Balance 09-30-2021
Less accumulated depreciation for				
Buildings	\$ (65,710)	\$ (995)	\$ -	\$ (66,705)
Equipment	(406,367)	(57,710)	4,375	(459,702)
Sewer system	(662,506)	(30,983)	-	(693,489)
Total sewer accumulated depreciation	(1,134,583)	(89,688)	4,375	(1,219,896)
Total sewer capital assets being depreciated, net	490,210	(89,688)	-	400,522
Total sewer capital assets, net	490,210	(89,688)	-	400,522
<b>Water:</b>				
Capital assets, not being depreciated				
Land	100,000	-	-	100,000
Water rights and easements	308,000	-	-	308,000
Construction in progress	296,091	53,199	-	349,290
Total capital assets, not being depreciated	704,091	53,199	-	757,290
Capital assets, being depreciated				
Buildings	66,195	-	-	66,195
Equipment	193,754	-	(8,125)	185,629
Water system	2,535,905	29,577	-	2,565,482
Total water capital assets, being depreciated	2,795,854	29,577	(8,125)	2,817,306
Less accumulated depreciation for				
Buildings	(61,520)	(259)	-	(61,779)
Equipment	(181,239)	(4,507)	8,125	(177,621)
Water system	(886,508)	(104,799)	-	(991,307)
Total water accumulated depreciation	(1,129,267)	(109,565)	8,125	(1,230,707)
Total water capital assets being depreciated, net	1,666,587	(79,988)	-	1,586,599
Total water capital assets, net	2,370,678	(26,789)	-	2,343,889
Total business-type capital assets, net	\$ 3,119,528	\$ (146,898)	\$ -	\$ 2,972,630

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**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	\$ 30,421
Sewer	89,688
Water	<u>109,565</u>
 Total proprietary activities	 \$ <u>229,674</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, 2021**

**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, 2021, it was 7.16% for general employees and 8.81% 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 \$142,043 for the year ended June 30, 2021.

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

At September 30, 2021, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the City's proportion was .03187789 percent.

For the year ended September 30, 2021, the City recognized pension expense/(revenue) of \$(14,324). At September 30, 2021, 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	\$ 37,094	\$ 14,634
Changes in assumptions or other inputs	288,994	-
Net difference between projected and actual earnings on pension plan investments	-	790,775
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	10,794	-
City contributions subsequent to the measurement date	37,915	-
Total	\$ <u>374,797</u>	\$ <u>805,409</u>

\$37,915 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, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021, the beginning of the measurement period ended June 30, 2020 is 4.8 and 4.6 for the measurement period June 30, 2021.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**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:**

2022	\$ (112,752)
2023	(101,613)
2024	(88,798)
2025	<u>(176,158)</u>
Total	\$ <u>(479,321)</u>

*Actuarial Assumptions*

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return (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, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**5. PENSION PLAN (Continued)**

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

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

*Capital Market Assumptions from Callan 2021*

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return (Arithmetic)</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Core Fixed Income	30.00%	1.80%	(.20%)
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation – Mean		2.00%	2.00%
Assumed Inflation – Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		.40%	.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**5. PENSION PLAN (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the 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)	\$875,189	\$(25,177)	\$(763,224)

*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, 2021, 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, 2021**

**7. LONG-TERM DEBT**

Long-term Obligation Activity:

General long-term obligations of the City include a note payable for a sanitation truck, a bond payable to the Department of Environmental Quality (DEQ), and a purchase agreement with IBM for an AS400 system. During the year ending September 30, 2021, the following changes occurred in long-term debt:

	Balance 10-01-2020	Additions	Reductions	Balance 09-30-2021	Amounts due within one year
<b>Governmental Activities</b>					
Accrued interest	\$ 10,784	\$ 2,938	\$ -	\$ 13,722	\$ 13,722
Accrued compensation	85,200	-	(1,782)	83,418	50,425
Sewer bond payable	4,791,328	-	(393,516)	4,397,812	401,426
Net pension liability	558,448	-	(577,985)	(19,537)	-
US Bank lease/purchase	98,466	-	(48,482)	49,984	49,984
IBM purchase agreement	8,072	-	(3,101)	4,971	3,270
<b>Total governmental activities</b>	<b>5,552,298</b>	<b>2,938</b>	<b>(1,024,866)</b>	<b>4,530,370</b>	<b>518,827</b>
<b>Business-type Activities</b>					
Accrued compensation	26,388	3,447	-	29,835	17,476
Net pension liability	161,585	-	(167,225)	(5,640)	-
IBM Purchase Agreement	8,072	-	(3,102)	4,970	3,270
<b>Total business-type activities</b>	<b>196,045</b>	<b>3,447</b>	<b>(170,327)</b>	<b>29,165</b>	<b>20,746</b>
<b>Total long-term activities</b>	<b>\$ 5,748,343</b>	<b>\$ 6,385</b>	<b>\$ (1,195,193)</b>	<b>\$ 4,559,535</b>	<b>\$ 539,573</b>

Debt Service Requirements:

Debt service requirements for the DEQ bond and IBM note payable at September 30, 2021, are as follows:

Year	DEQ Bond – 2%	
	Principal	Interest
2022	\$ 401,426	\$ 85,924
2023	409,495	77,855
2024	417,527	69,823
2025	426,118	61,232
2026	434,683	52,667
2027 – 2031	2,308,563	128,822
	<b>\$ 4,397,812</b>	<b>\$ 476,323</b>

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**7. LONG-TERM DEBT (Continued)**

Debt service requirements for IBM and US Bank lease/purchase agreements at September 30, 2021, are as follows:

Year	IBM Server Purchase – 5.31%		US Bank Lease/Purchase – 3.10%	
	Principal	Interest	Principal	Interest
2022	\$ 6,540	\$ 371	\$ 49,984	\$ 1,550
2023	3,401	54	-	-
	<u>\$ 9,941</u>	<u>\$ 425</u>	<u>\$ 49,984</u>	<u>\$ 1,550</u>

**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 a deficit as of September 30, 2021.

There were no interfund receivables or payables as of September 30, 2021.

**12. INTERFUND TRANSFERS**

During the 2021 fiscal year, there were no interfund transfers.

**CITY OF SHELLEY - STATE OF IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2021**

**13. JOINT VENTURE**

In October, 2004, Bingham County (Bingham), Bonneville County (Bonneville), City of Shelley (Shelley), and the City of Ammon (Ammon) entered into a joint powers agreement to provide joint financing, design, acquisition, construction, management, and operation of a regional wastewater treatment and disposal facility. A separate legal entity, Eastern Idaho Regional Wastewater Authority (the Authority), was created. It is governed by a board made up of representatives from each of the members of the joint powers agreement. Capitalized assets acquired by the members of the joint powers agreement for the Authority during the construction phase were donated to the Authority as each phase became operational.

The Board of the Authority assesses and collects from each participating member discharge/hookup fees, operation and maintenance fees, and fees to pay for costs in excess of defined equivalent residential unit (ERU) allocations each year.

Each member must collect, as a minimum, discharge/hookup fees and operation and maintenance fees established by the board and remit them to the Authority. Each member may also establish its own operation and maintenance fees and discharge/hookup fees in addition to those determined by the board as well as debt service fees. Each member of the joint powers agreement pays a percentage of the repair, operation, and maintenance of the facility and transmission lines. Currently, each member is individually responsible for repayment of any debt they incurred during construction.

In the event of a federal, state, or local court action concerning the facility, each member will assume responsibility for such litigation in a direct proportion to their percentage of use of the system.

The Authority collects discharge/hookup fees to accumulate a reserve fund to be used to finance construction for additional capacity. Any member who desires to add customers to the system, which would require expansion of the facility, has the right to utilize any existing reserve funds for that purpose; provided that the expanding member pays any additional funds necessary to construct the complete new phase of the facility. The amount paid by the expanding member is then divided by the then current ERU capital assessment fee to determine the portion of the excess capacity which belongs exclusively to the expanding member.

During the 2009 – 2010 fiscal year, the facility began accepting flow from Shelley, Bonneville, and Bingham. As per the joint powers agreement, Shelley distributed the capitalized assets acquired during the construction phase of the project to the Authority. The initial capitalization of assets for the Authority as of September 30, 2010 was \$27,863,728. The City transferred an additional \$76,500 during the 2014 fiscal year for the construction of a waterline to the facility.

During the 2014 fiscal year, the City traded the land the facility was built on for 67 ERU connections (a value of \$174,200).

The Authority has a fiscal year end of September 30. Financial statements are available at:

Eastern Idaho Regional Wastewater Authority  
618 E 1250 N  
Shelley, ID 83274

**14. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of May 10, 2022. There are no known subsequent events that will have a material impact on the operation of the City.

**CITY OF SHELLEY - STATE OF IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2021**

**15. TAX ABATEMENT**

In 2013, the City of Shelley created the County Club Road Urban Renewal Area (CCRURA) and entered into an agreement with Golden Valley Naturals to reimburse them with tax incremental financing for eligible infrastructure costs over a 15-year period up to \$1,070,007 plus a contingency of 10% in the amount of \$107,000, for a total of \$1,177,007. The CCRURA organized and the agreement entered into are consistent with the goals of the City and allowed by the state of Idaho Urban Renewal Law (Chapter 20 and 29, Title 50, Idaho Code). To be eligible for the reimbursement of eligible infrastructure costs, Golden Valley Naturals agreed to build their processing plant in the urban renewal area and upgrade the infrastructure per the requirements of the City.

The increase in property value from the improvements made in the CCRURA was approximately \$21,000,000; the estimated net 15-year tax incremental revenue is \$2,563,815. This amount will be used to finance public improvement projects within and adjacent to the CCRURA. A portion of any revenue in excess of the annual debt requirements may be distributed to taxing districts.

During the 2021 fiscal year, property taxes in the amount totaling \$261,093 were abated; \$220,008 was paid to Golden Valley Naturals for reimbursement of eligible infrastructure costs and the contingency agreed upon. At year end, there was no balance remaining to be reimbursed to Golden Valley Naturals.

**SHELLEY 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, 2021**

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**SHELLEY 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, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Shelley 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 Shelley 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.

**SHELLEY 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, 2021**

**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.

**SHELLEY 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, 2021**

**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 Shelley Urban Renewal Area recognizes property taxes receivable that will not be collected within 60 days as a deferred inflow.

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.



**SHELLEY 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, 2021**

**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**

Fund balance is separated into nonspendable and spendable fund balance. The following is a list of nonspendable and spendable fund balance designations for the Shelley 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.

**SHELLEY 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, 2021**

**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 Shelley 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, 2021.

**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. Shelley 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.

**SHELLEY 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, 2021**

**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, 2021, totaled \$16,100 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, 2021, the carrying amount of the Area's deposits in financial institutions was \$16,100. The bank balance at year end was \$16,100. At September 30, 2021, \$16,100 of the demand deposits were 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.

**SHELLEY 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, 2021**

**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, 2021.

**8. DEFICIT FUND BALANCE**

The General Fund did not have a deficit fund balance as of September 30, 2021.

**9. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of May 10, 2022.

**10. TERMINATION OF THE SHELLEY URBAN RENEWAL AREA**

The Shelley Urban Renewal Area (Area), an urban renewal area under the jurisdiction of the Shelley Urban Renewal Area, was established in 1998 and amended in 2011. It was scheduled to terminate in November 2013. Therefore, no property taxes were levied during the current fiscal year for the Area. However, the Area can continue to operate for a reasonable time period. The process to terminate the Area is underway. Funds that are not used within a reasonable time, if any, will be returned to Bingham County and distributed back to the original taxing districts.

**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, 2021**

**NOTES INDEX**

1. Summary of Significant Accounting Policies
  - A. General
  - B. Reporting Entity
  - C. Government-wide and Fund Financial Statements
  - D. Measurement Focus and Basis of Accounting
  - E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Balances/Net Position
  - F. Budgets and Budgetary Accounting
  - G. Compensated Absences and Post-Employment Benefits
  - H. Revenue Recognition
  - I. Expenditure/Expense Recognition
  - J. Use of Estimates
2. Cash and Investments
3. Litigation and Contingent Liabilities
4. Related Party Transactions
5. Material Violation of Finance Related Legal and Contractual Provisions
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7. Deficit Fund Balance
9. Subsequent Events
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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**  
**For the Year Ended September 30, 2021**

**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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**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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NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2021**

**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**  
**A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2021**

**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, 2021**

**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, 2021.

**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**  
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**For the Year Ended September 30, 2021**

**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, 2021, totaled \$50,979 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, 2021, the carrying amount of the Area's deposits in financial institutions was \$50,979. The bank balance at year end was \$50,979. At September 30, 2021, all demand deposits were 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**  
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**For the Year Ended September 30, 2021**

**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, 2021.

**8. DEFICIT FUND BALANCE**

The General Fund did not have a deficit fund balance as of September 30, 2021.

**9. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of May 10, 2022.

**10. TAX ABATEMENT**

In 2013, the City of Shelley created the County Club Road Urban Renewal Area (CCRURA) and entered into an agreement with Golden Valley Naturals to reimburse them with tax incremental financing for eligible infrastructure costs over a 15-year period up to \$1,070,007 plus a contingency of 10% in the amount of \$107,000, for a total of \$1,177,007. The CCRURA organized and the agreement entered into are consistent with the goals of the City and allowed by the state of Idaho Urban Renewal Law (Chapter 20 and 29, Title 50, Idaho Code). To be eligible for the reimbursement of eligible infrastructure costs, Golden Valley Naturals agreed to build their processing plant in the urban renewal area and upgrade the infrastructure per the requirements of the City.

The increase in property value from the improvements made in the CCRURA was approximately \$21,000,000; the estimated net 15-year tax incremental revenue is \$2,563,815. This amount will be used to finance public improvement projects within and adjacent to the CCRURA. A portion of any revenue in excess of the annual debt requirements may be distributed to taxing districts.

During the 2021 fiscal year, property taxes in the amount totaling \$261,093 were abated; \$220,008 was paid to Golden Valley Naturals for reimbursement of eligible infrastructure costs and the contingency agreed upon. At the fiscal year end, there was no balance remaining to be reimbursed to Golden Valley Naturals.

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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, 2021**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 760,690	\$ 760,690	\$ 769,670
Fees and fines	-	-	80
Licenses and permits	84,375	84,375	161,872
Intergovernmental	360,500	360,500	1,204,124
Charges for services	68,551	68,551	106,328
Investment earnings	45,000	45,000	(14,572)
Miscellaneous	65,745	65,745	120,981
<b>TOTAL REVENUES</b>	<b>1,384,861</b>	<b>1,384,861</b>	<b>2,348,483</b>
<b>EXPENDITURES</b>			
General government	586,635	586,635	712,058
Public safety	1,008,590	1,008,590	877,839
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	305,275	305,275	302,963
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	989,900	989,900	29,910
<b>TOTAL EXPENDITURES</b>	<b>2,890,400</b>	<b>2,890,400</b>	<b>1,922,770</b>
Excess (deficiency) of revenues over expenditures	(1,505,539)	(1,505,539)	425,713
<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	(1,505,539)	(1,505,539)	425,713
Fund Balances, October 1, 2020	1,717,683	1,717,683	1,717,683
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 212,144</b>	<b>\$ 212,144</b>	<b>\$ 2,143,396</b>

<u>GAAP</u>		<u>GAAP</u>	
<u>Differences</u>		<u>Basis</u>	
\$	5,434	\$	775,104
	-		80
	-		161,872
	(415,512)		788,612
	-		106,328
	-		(14,572)
	-		120,981
	<u>(410,078)</u>		<u>1,938,405</u>
	(274,430)		437,628
	-		877,839
	-		-
	-		-
	23,440		326,403
	-		-
	3,101		3,101
	368		368
	<u>247,521</u>		<u>277,431</u>
	-		<u>1,922,770</u>
	(410,078)		15,635
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	(410,078)		15,635
	-		<u>1,717,683</u>
\$	<u>(410,078)</u>	\$	<u>1,733,318</u>



**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**STREET FUND**  
For the year ended September 30, 2021

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 335,328	\$ 335,328	\$ 338,535
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	203,000	203,000	316,379
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	40,000	40,000	54,351
<b>TOTAL REVENUES</b>	<b>578,328</b>	<b>578,328</b>	<b>709,265</b>
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	803,877	803,877	458,799
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	284,941	284,941	139,387
<b>TOTAL EXPENDITURES</b>	<b>1,088,818</b>	<b>1,088,818</b>	<b>598,186</b>
Excess (deficiency) of revenues over expenditures	(510,490)	(510,490)	111,079
<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	-	-	35,000
<b>Net change in fund balances</b>	<b>(510,490)</b>	<b>(510,490)</b>	<b>146,079</b>
<b>Fund Balances, October 1, 2020</b>	<b>635,735</b>	<b>635,735</b>	<b>635,735</b>
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 125,245</b>	<b>\$ 125,245</b>	<b>\$ 781,814</b>

<u>GAAP</u> <u>Differences</u>		<u>GAAP</u> <u>Basis</u>	
\$	2,676	\$	341,211
	-		-
	-		-
	8,552		324,931
	-		-
	-		-
	186		54,537
	<u>11,414</u>		<u>720,679</u>
	-		-
	-		-
	5,023		463,822
	-		-
	-		-
	-		-
	-		-
	(5,023)		134,364
	<u>-</u>		<u>598,186</u>
	11,414		122,493
	-		-
	-		-
	-		-
	<u>-</u>		<u>-</u>
	-		-
	<u>-</u>		<u>35,000</u>
	11,414		157,493
	<u>-</u>		<u>635,735</u>
\$	<u><u>11,414</u></u>	\$	<u><u>793,228</u></u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**STATE REVENUE SHARING**  
**For the year ended September 30, 2021**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	150,000	150,000	212,362
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>150,000</b>	<b>150,000</b>	<b>212,362</b>
<b>EXPENDITURES</b>			
General government	800	800	-
Public safety	91,600	91,600	91,805
Public works	450,696	450,696	-
Health, welfare and sanitation	198,000	198,000	-
Culture and recreation	121,200	121,200	2,610
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>862,296</b>	<b>862,296</b>	<b>94,415</b>
Excess (deficiency) of revenues over expenditures	(712,296)	(712,296)	117,947
<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	(712,296)	(712,296)	117,947
Fund Balances, October 1, 2020	781,942	781,942	781,942
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 69,646</b>	<b>\$ 69,646</b>	<b>\$ 899,889</b>

GAAP Differences	GAAP Basis
\$ -	\$ -
-	-
-	-
30,221	242,583
-	-
-	-
-	-
<u>30,221</u>	<u>242,583</u>
-	-
(86,347)	5,458
-	-
-	-
-	2,610
-	-
48,482	48,482
3,052	3,052
<u>34,813</u>	<u>34,813</u>
-	94,415
30,221	148,168
-	-
-	-
-	-
<u>-</u>	<u>-</u>
-	-
-	-
30,221	148,168
-	781,942
<u>30,221</u>	<u>930,110</u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**BOND REPAYMENT FUND**  
**For the year ended September 30, 2021**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	560,000	560,000	573,374
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>560,000</b>	<b>560,000</b>	<b>573,374</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	829,447	829,447	-
<b>TOTAL EXPENDITURES</b>	<b>1,316,797</b>	<b>1,316,797</b>	<b>487,350</b>
Excess (deficiency) of revenues over expenditures	(756,797)	(756,797)	86,024
<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	(756,797)	(756,797)	86,024
Fund Balances, October 1, 2020	762,079	762,079	762,079
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 5,282</b>	<b>\$ 5,282</b>	<b>\$ 848,103</b>

GAAP Differences		GAAP Basis	
\$	-	\$	-
	-		-
	-		-
	-		-
	-	573,374	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	(93,834)	393,516	-
	93,834	93,834	-
	-		-
	-	487,350	-
	-		-
	-	86,024	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-	86,024	-
	-		-
	-	762,079	-
\$	-	\$	848,103

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2021**

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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**SHELLEY URBAN RENEWAL AGENCY - 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, 2021**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	1
<b>TOTAL REVENUES</b>	-	-	1
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Economic development	-	-	-
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	1
<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	-	-	1
Fund Balances, October 1, 2020	16,100	16,100	16,100
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 16,100</b>	<b>\$ 16,100</b>	<b>\$ 16,101</b>

GAAP Differences		GAAP Basis	
\$	-	\$	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		1
	-		1
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		1
	-		-
	-		-
	-		-
	-		-
	-		-
	-		1
	-		16,100
\$	-	\$	16,101

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**SHELLEY 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, 2021**

1. The legally adopted budget for the Shelley 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.

**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, 2021**

	Budgeted Amount		Budgetary Basis
	Original	Final	
<b>REVENUES</b>			
Property taxes	\$ 240,600	\$ 240,600	\$ 261,093
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>240,600</b>	<b>240,600</b>	<b>261,093</b>
<b>EXPENDITURES</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Economic development	242,309	242,309	220,559
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>242,309</b>	<b>242,309</b>	<b>220,559</b>
Excess (deficiency) of revenues over expenditures	(1,709)	(1,709)	40,534
<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	(1,709)	(1,709)	40,534
Fund Balances, October 1, 2020	10,445	10,445	10,445
<b>FUND BALANCES, SEPTEMBER 30, 2021</b>	<b>\$ 8,736</b>	<b>\$ 8,736</b>	<b>\$ 50,979</b>

GAAP Differences	GAAP Basis
\$ -	\$ 261,093
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	220,559
-	-
-	-
-	-
-	220,559
-	40,534
-	-
-	-
-	-
-	-
-	-
-	-
-	40,534
-	10,445
\$ -	\$ 50,979

**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, 2021**

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\***

<b>PERSI BASE PLAN</b>					
<u>Fiscal Year</u>	<u>Employer's portion of net pension liability</u>	<u>Employer's proportionate share of the net pension liability</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportional share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
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%

\*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	4	143,009	\$ 143,009	\$ -	\$ 1,183,715	12.08%

\*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, 2021**

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

The actuarially determined contribution rates in the employer's contributions are calculated as of June 30, 2021. 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, 2021
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll open
Remaining amortization period	.4 years
Asset valuation method	Fair Market value
<b><u>Actuarial assumptions:</u></b>	
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

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**SUPPLEMENTARY INFORMATION**

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS - NONMAJOR**  
**September 30, 2021**

	Street Lighting Fund	Combined L.I.D. Assessment Fund	Recreation Fund	Totals
<b>ASSETS</b>				
Cash	\$ 138,971	\$ 13,465	\$ 9,946	\$ 162,382
Receivables (net)				-
Property taxes	758	-	-	758
Sales tax	8,467	-	-	8,467
State motor users	-	-	-	-
Franchise tax	-	-	-	-
Assessments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>148,196</u>	<u>13,465</u>	<u>9,946</u>	<u>171,607</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 148,196</u>	<u>\$ 13,465</u>	<u>\$ 9,946</u>	<u>\$ 171,607</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued compensation	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>				
Revenue unavailable for use	<u>479</u>	<u>-</u>	<u>-</u>	<u>479</u>
<b>FUND BALANCES</b>				
Assigned	<u>147,717</u>	<u>13,465</u>	<u>9,946</u>	<u>171,128</u>
<b>TOTAL FUND BALANCES</b>	<u>147,717</u>	<u>13,465</u>	<u>9,946</u>	<u>171,128</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 148,196</u>	<u>\$ 13,465</u>	<u>\$ 9,946</u>	<u>\$ 171,607</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, 2021**

	Street Lighting Fund	Combined L.I.D. Assessment Fund	Recreation Fund	Totals
<b>REVENUES</b>				
Taxes	\$ 20,280	\$ -	\$ -	\$ 20,280
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues	33,899	-	-	33,899
Entitlement	-	-	-	-
Charges for services	-	-	47,735	47,735
Investment earnings	-	7	-	7
Miscellaneous	3,226	-	-	3,226
<b>TOTAL REVENUES</b>	<b>57,405</b>	<b>7</b>	<b>47,735</b>	<b>105,147</b>
<b>EXPENDITURES</b>				
Administration	-	-	706	706
Maintenance	-	-	-	-
Parks and recreation	-	-	35,657	35,657
Snow and ice control	-	-	-	-
Trash	-	-	-	-
Street cleaning	-	-	-	-
Street lights	25,919	-	-	25,919
Traffic lights	2,136	-	-	2,136
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>28,055</b>	<b>-</b>	<b>36,363</b>	<b>64,418</b>
Excess of revenues over (under) expenditures	29,350	7	11,372	40,729
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	29,350	7	11,372	40,729
<b>FUND BALANCES - October 1, 2020</b>	<b>118,367</b>	<b>13,458</b>	<b>(1,426)</b>	<b>130,399</b>
<b>FUND BALANCES - September 30, 2021</b>	<b>\$ 147,717</b>	<b>\$ 13,465</b>	<b>\$ 9,946</b>	<b>\$ 171,128</b>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - DEBT SERVICE FUNDS - NONMAJOR**  
**September 30, 2021**

	Sewer Bond Reserve Fund	Totals
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 572,661	\$ 572,661
Receivables (net)		
Due from other funds	-	-
Deferred assessments	-	-
Delinquent assessments	-	-
<b>TOTAL ASSETS</b>	<u>572,661</u>	<u>572,661</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 572,661</u>	<u>\$ 572,661</u>
<b>LIABILITIES</b>		
Due to other funds	\$ -	\$ -
<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>572,661</u>	<u>572,661</u>
<b>TOTAL FUND BALANCE</b>	<u>572,661</u>	<u>572,661</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 572,661</u>	<u>\$ 572,661</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, 2021**

	Sewer Bond Reserve Fund	Totals
<b>REVENUES</b>		
Interest	\$ -	\$ -
Bond reserve revenue	57,372	57,372
Current assessments	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>57,372</u>	<u>57,372</u>
<b>EXPENDITURES</b>		
Bond interest	-	-
Bond principle	-	-
Other	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	57,372	57,372
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	-	-
Operating transfers out	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	57,372	57,372
<b>FUND BALANCE - October 1, 2020</b>	<u>515,289</u>	<u>515,289</u>
<b>FUND BALANCE - September 30, 2021</b>	<u>\$ 572,661</u>	<u>\$ 572,661</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - PROPRIETARY FUNDS - NONMAJOR**  
**September 30, 2021**

	<u>Water Reserve Fund</u>	<u>Sewer Reserve Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 475,413	\$ 823,209	\$ 1,298,622
Receivables (net)			
Due from other funds	-	-	-
Deferred assessments	-	-	-
Delinquent assessments	-	-	-
<b>TOTAL ASSETS</b>	<u>475,413</u>	<u>\$ 823,209</u>	<u>1,298,622</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 475,413</u>	<u>823,209</u>	<u>\$ 1,298,622</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 330,147	\$ 330,147
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>330,147</u>	<u>330,147</u>
<b>DEFERRED INFLOWS</b>			
Revenue unavailable for use	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Restricted	<u>475,413</u>	<u>493,062</u>	<u>968,475</u>
<b>TOTAL FUND BALANCE</b>	<u>475,413</u>	<u>493,062</u>	<u>968,475</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 475,413</u>	<u>\$ 823,209</u>	<u>\$ 1,298,622</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, 2021**

	Water Reserve Fund	Sewer Reserve Fund	Totals
<b>REVENUES</b>			
Bond reserve revenue	\$ 125,250	\$ 377,825	\$ 503,075
<b>TOTAL REVENUES</b>	<u>125,250</u>	<u>377,825</u>	<u>503,075</u>
<b>EXPENDITURES</b>			
Administration	-	-	-
Miscellaneous	-	330,147	330,147
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>330,147</u>	<u>330,147</u>
Excess of revenues over (under) expenditures	125,250	47,678	172,928
<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	125,250	47,678	172,928
<b>FUND BALANCE - October 1, 2020</b>	<u>350,163</u>	<u>445,384</u>	<u>795,547</u>
<b>FUND BALANCE - September 30, 2021</b>	<u>\$ 475,413</u>	<u>\$ 493,062</u>	<u>\$ 968,475</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - FIDUCIARY FUND TYPES - PRIVATE PURPOSE TRUST FUNDS**  
September 30, 2021

	Shelley Riverwalk Trust Fund	Totals
<b>ASSETS</b>		
Cash	\$ 426	\$ 426
Receivables (net)	-	-
Due from other funds	-	-
Construction in progress	-	-
<b>TOTAL ASSETS</b>	<u>\$ 426</u>	<u>\$ 426</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Deferred revenue	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Unreserved	<u>426</u>	<u>426</u>
<b>TOTAL FUND BALANCES</b>	<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, 2021**

	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>
<b>TOTAL REVENUES</b>	<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>
<b>TOTAL EXPENDITURES</b>	<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>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-
<b>FUND BALANCES - October 1, 2020</b>	<u>426</u>	<u>426</u>
<b>FUND BALANCES - September 30, 2021</b>	<u>\$ 426</u>	<u>\$ 426</u>

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**OTHER SUPPLEMENTARY INFORMATION**

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Gerald W. Searle, CPA  
 Farrell J. Steiner, CPA  
 Dana Eric Izatt, CPA  
 Joshua R. Searle, CPA  
 William L. Tanner Jr., CPA

***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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated May 10, 2022.

**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.

Idaho Falls, Idaho  
May 10, 2022