

**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, 2020**

**CITY OF SHELLEY - STATE OF IDAHO  
FINANCIAL STATEMENTS  
For the Year Ended September 30, 2020**

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**CITY OF SHELLEY - STATE OF IDAHO**  
**FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

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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, 2020 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, 2020, 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 February 9, 2021, 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  
February 9, 2021

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**CITY OF SHELLEY - STATE OF IDAHO  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2020**

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, 2020. 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 2020 by \$8,917,368 (net position). The City had a negative governmental unrestricted net position of \$2,115,876 at year end due to the City's debt associated with the regional wastewater facility.
- The City's total net position increased by \$929,715 in comparison with the prior year mainly due to capital improvements.
- As of the close of the fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$4,543,127, an increase of \$140,341 in comparison with the prior year. Approximately \$1,717,683 of this total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year 2020, unassigned fund balance for the General Fund was \$1,717,683.

**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, 2020**

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, 2020**

**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 \$8,917,368 as of September 30, 2020.

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 2020 compared to 2019:

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current and other assets	\$ 8,569,073	\$ 8,006,368
Capital assets (net of depreciation)	<u>5,942,523</u>	<u>5,985,172</u>
Total assets	<u>14,511,596</u>	<u>13,991,540</u>
Deferred outflows:	<u>180,776</u>	<u>49,314</u>
<b>Liabilities:</b>		
Current and other liabilities	3,150	7,000
Long-term liabilities	<u>5,748,343</u>	<u>5,888,867</u>
Total liabilities	<u>5,751,493</u>	<u>5,895,867</u>
Deferred inflows:	<u>23,511</u>	<u>157,154</u>
<b>Net position:</b>		
Net investment in capital assets	5,928,639	5,922,008
Restricted	1,277,368	1,405,680
Unrestricted	<u>1,711,361</u>	<u>659,965</u>
Total net position	\$ <u>8,917,368</u>	\$ <u>7,987,653</u>

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, \$1,277,368, 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, 2020**

The net position of the City, as a whole, increased \$929,715 from \$7,987,653 at September 30, 2019 to \$8,917,368 at September 30, 2020.

**Governmental Activities:** Governmental activities increased the City's net position by \$710,346. 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 \$219,369. 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 2020 and 2019:

	2020 Governmental Activities	2019 Governmental Activities	2020 Business- Type Activities	2019 Business- Type Activities
<b>Revenue:</b>				
Program revenue:				
Fees, fines & charges for services	\$ 257,118	\$ 278,084	\$ 1,868,434	\$ 1,611,751
Operating grants & contributions	245,016	243,037	-	-
Capital grants & contributions	-	-	20,000	-
General revenues:				
Property taxes	1,075,293	1,041,810	-	-
Assessments for debt service	602,713	606,240	-	-
Franchise taxes	153,118	145,623	-	-
Public services taxes	252,727	218,728	-	-
Grants/contributions, unrestricted	180,170	176,068	-	-
Unrestricted investment earnings	244,067	242,674	15,848	15,750
Miscellaneous	91,298	76,582	2,575	378
Gain (loss) on sale of assets	250	23,878	250	(6,907)
Transfers	(7,987)	-	7,987	-
<b>Total Revenue and Transfers</b>	<b>3,093,783</b>	<b>3,052,724</b>	<b>1,915,094</b>	<b>1,620,972</b>
<b>Expenses:</b>				
General government	480,611	392,893	-	-
Public safety	834,150	777,707	-	-
Public works/streets	668,305	493,711	-	-
Health, welfare and sanitation	9,823	-	-	-
Culture and recreation	281,081	296,731	-	-
Interest on long-term debt	109,467	106,152	-	-
Water	-	-	433,982	436,919
Sewer	-	-	877,645	754,508
Sanitation	-	-	384,098	344,504
<b>Total expenses</b>	<b>2,383,437</b>	<b>2,067,194</b>	<b>1,695,725</b>	<b>1,535,931</b>
<b>Change in net position</b>	<b>\$ 710,346</b>	<b>\$ 985,530</b>	<b>\$ 219,369</b>	<b>\$ 85,041</b>

**CITY OF SHELLEY - STATE OF IDAHO**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2020**

**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, 2020, the City's governmental funds reported combined ending fund balances of \$4,402,786, a increase of \$631,089 in comparison with the prior year. Approximately 33% of this total amount, \$1,455,560, 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, 2020, the fund balance of the General Fund was \$1,717,683, while total fund balance was \$4,543,127. 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 127% of the annual expenditures while total governmental fund balance is 146% of total expenditures.

The fund balance of the City's General Fund increased by \$262,123 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, 2020, had a combined net position of \$6,943,665. The total increase in net position for the funds was \$219,369. 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 2019 – 2020 budget.

	<u>Budgeted</u>	<u>Expended - Budgetary Basis</u>
General Fund	\$ 2,412,138	\$ 1,356,798
Street Fund	2,023,898	681,160
Revenue Sharing Fund	822,008	125,831
Bond Repayment Fund	1,235,850	731,025
Other Special Revenue Funds	184,721	76,760
Other Debt Service Funds	502,755	-
Sanitation Fund	649,977	320,208
Water Fund	1,258,089	387,598
Sewer Fund	2,120,461	413,814
Other Proprietary Funds	<u>829,673</u>	<u>364,865</u>
Total Expenditures/Expenses	\$ <u>12,039,570</u>	\$ <u>4,458,059</u>

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, 2020**

**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, 2020, was \$5,942,523 (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:

- 3 police vehicles and 1 building inspector vehicle
- Solar marquee
- Street Improvement projects for S. Park, Byron, and Kelley
- Construction in progress for 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 \$575,060 of principle and \$163,951 of paid and accrued interest during the fiscal year. The outstanding balance as of September 30, 2020 was \$4,791,328.

**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. This will bring over \$20,000,000 to our tax base, and bring over 200 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 (eighty plus units) mainly in the North Shelley Business Park. A new subdivision named Park View Estates was constructed which provides approximately 24 twin homes. There was an annexation of 104 acres to the east of the city which is proposed to be platted for single family dwellings. There is discussion of another section of existing farm ground to the east of the city also which is proposed as a larger lot subdivision which will provide single family housing on ½ acre or larger lots. The city has seen a lot of residential growth this past year and is projected to continue into 2021.

**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 delinquent taxes receivable are collected.

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 2020.

**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, 2020**

	Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
<b>ASSETS</b>				
Cash and investments	\$ 3,119,796	\$ 3,890,251	\$ 7,010,047	\$ 26,545
Taxes receivable	45,120	-	45,120	-
Receivables	-	27,188	27,188	-
Due from other funds	-	-	-	-
Due from other governmental agencies	138,750	-	138,750	-
Inventories	-	-	-	-
Prepaid expenses	-	70,600	70,600	-
Restricted cash and investments	1,277,368	-	1,277,368	-
<b>Capital Assets</b>				
Land and other assets not being depreciated	792,088	444,915	1,237,003	-
Construction in progress	-	296,091	296,091	-
Infrastructure	2,070,031	3,620,344	5,690,375	-
Buildings	901,267	320,449	1,221,716	-
Equipment and furniture	1,439,563	1,251,933	2,691,496	-
Less: accumulated depreciation	(2,379,954)	(2,814,204)	(5,194,158)	-
Total Capital Assets	2,822,995	3,119,528	5,942,523	-
<b>TOTAL ASSETS</b>	<b>7,404,029</b>	<b>7,107,567</b>	<b>14,511,596</b>	<b>26,545</b>
<b>DEFERRED OUTFLOWS - Pension</b>	<b>\$ 140,207</b>	<b>\$ 40,569</b>	<b>\$ 180,776</b>	<b>\$ -</b>

	Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ -	\$ 3,150	\$ 3,150	\$ -
Due to other governmental agencies	-	-	-	-
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	445,099	3,100	448,199	-
Accrued interest	10,784	-	10,784	-
Compensated absences	50,675	15,424	66,099	-
Claims and judgments	-	-	-	-
<b>Due in more than one year</b>				
Bonds, capital leases and contracts, net of unamortized bond costs	4,452,767	4,972	4,457,739	-
Accrued interest	-	-	-	-
Compensated absences	34,525	10,964	45,489	-
Net pension liability	558,448	161,585	720,033	-
<b>TOTAL LIABILITIES</b>	<u>5,552,298</u>	<u>199,195</u>	<u>5,751,493</u>	<u>-</u>
<b>DEFERRED INFLOWS - Pension</b>	<u>18,235</u>	<u>5,276</u>	<u>23,511</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,812,211	3,116,428	5,928,639	-
Restricted for:				
Capital projects	-	-	-	-
Debt service	1,277,368	-	1,277,368	-
Other projects	-	-	-	26,545
Unrestricted	(2,115,876)	3,827,237	1,711,361	-
<b>TOTAL NET POSITION</b>	<u>\$ 1,973,703</u>	<u>\$ 6,943,665</u>	<u>\$ 8,917,368</u>	<u>\$ 26,545</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

FUNCTIONS/PROGRAMS	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 480,611	\$ 153,326	\$ 7,434	\$ -
Public safety	834,150	-	7,461	-
Public works	668,305	-	230,121	-
Health, welfare and sanitation	9,823	-	-	-
Culture and recreation	281,081	103,792	-	-
Education	-	-	-	-
Interest on long-term debt	109,467	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>2,383,437</b>	<b>257,118</b>	<b>245,016</b>	<b>-</b>
Business-type activities:				
Sanitation	384,098	363,982	-	-
Water	433,982	549,680	-	20,000
Sewer	877,645	456,183	-	-
Other business-type activities	-	498,589	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,695,725</b>	<b>1,868,434</b>	<b>-</b>	<b>20,000</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 4,079,162</b>	<b>\$ 2,125,552</b>	<b>\$ 245,016</b>	<b>\$ 20,000</b>
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 240,345</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, 2019

**NET POSITION, SEPTEMBER 30, 2020**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business- type Activities	Total	Urban Renewal Component Units
\$ (319,851)		\$ (319,851)	
(826,689)		(826,689)	
(438,184)		(438,184)	
(9,823)		(9,823)	
(177,289)		(177,289)	
-		-	
<u>(109,467)</u>		<u>(109,467)</u>	
<u>(1,881,303)</u>		<u>(1,881,303)</u>	
	\$ (20,116)	(20,116)	
	135,698	135,698	
	(421,462)	(421,462)	
	<u>498,589</u>	<u>498,589</u>	
	<u>192,709</u>	<u>192,709</u>	
<u>(1,881,303)</u>	<u>192,709</u>	<u>(1,688,594)</u>	
			\$ <u>(240,345)</u>
1,075,293	-	1,075,293	249,081
602,713	-	602,713	-
153,118	-	153,118	-
252,727	-	252,727	-
180,170	-	180,170	-
244,067	15,848	259,915	-
91,298	2,575	93,873	-
250	250	500	-
-	-	-	-
<u>(7,987)</u>	<u>7,987</u>	<u>-</u>	<u>-</u>
<u>2,591,649</u>	<u>26,660</u>	<u>2,618,309</u>	<u>249,081</u>
710,346	219,369	929,715	8,736
<u>1,263,357</u>	<u>6,724,296</u>	<u>7,987,653</u>	<u>17,809</u>
\$ <u><u>1,973,703</u></u>	\$ <u><u>6,943,665</u></u>	\$ <u><u>8,917,368</u></u>	\$ <u><u>26,545</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2020**

	General Fund	Street Fund	State Revenue Sharing	Bond Repayment Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,684,305	\$ 563,677	\$ 741,466	\$ -
Restricted cash and cash equivalents	-	-	-	762,079
Investments	-	-	-	-
Taxes receivable, net	32,195	12,606	-	-
Due from other funds	-	-	-	-
Receivable from other governments	28,238	70,036	40,476	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<u>1,744,738</u>	<u>646,319</u>	<u>781,942</u>	<u>762,079</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 1,744,738</u>	<u>\$ 646,319</u>	<u>\$ 781,942</u>	<u>\$ 762,079</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Payable to other governments	-	-	-	-
Other accrued expenses	-	-	-	-
Other payables	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>				
Revenue unavailable for use	<u>27,055</u>	<u>10,584</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted				
Debt Service	-	-	-	762,079
Urban Renewal	-	-	-	-
Assigned				
Streets	-	635,735	-	-
Recreation	-	-	-	-
Capital Outlay	-	-	781,942	-
Unassigned	<u>1,717,683</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>1,717,683</u>	<u>635,735</u>	<u>781,942</u>	<u>762,079</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 1,744,738</u>	<u>\$ 646,319</u>	<u>\$ 781,942</u>	<u>\$ 762,079</u>

Other Governmental Funds	Total Governmental Funds	Shelley Urban Renewal Area	Country Club Urban Renewal	Total Urban Renewal
\$ 130,348	\$ 3,119,796	\$ 16,100	\$ 10,445	\$ 26,545
515,289	1,277,368	-	-	-
-	-	-	-	-
319	45,120	-	-	-
-	-	-	-	-
-	138,750	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>645,956</u>	<u>4,581,034</u>	<u>16,100</u>	<u>10,445</u>	<u>26,545</u>
-	-	-	-	-
<u>\$ 645,956</u>	<u>\$ 4,581,034</u>	<u>\$ 16,100</u>	<u>\$ 10,445</u>	<u>\$ 26,545</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>268</u>	<u>37,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
515,289	1,277,368	-	-	-
-	-	16,100	10,445	26,545
104,611	740,346	-	-	-
12,341	12,341	-	-	-
13,447	795,389	-	-	-
-	1,717,683	-	-	-
<u>645,688</u>	<u>4,543,127</u>	<u>16,100</u>	<u>10,445</u>	<u>26,545</u>
<u>\$ 645,956</u>	<u>\$ 4,581,034</u>	<u>\$ 16,100</u>	<u>\$ 10,445</u>	<u>\$ 26,545</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, 2020**

	<u>Governmental Funds</u>	<u>Component Units</u>
Total fund balance, governmental funds:	\$ 4,543,127	\$ 26,545
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.	2,822,995	-
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	(558,448)	-
Deferred outflows associated with the net pension liability	140,207	-
Deferred inflows associated with the net pension liability	(18,235)	-
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.	37,907	-
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>(4,993,850)</u>	<u>-</u>
Net position of governmental activities in the Statement of Net Position:	<u>\$ 1,973,703</u>	<u>\$ 26,545</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2020**

	General Fund	Street Fund	State Revenue Sharing	Bond Repayment Fund
<b>REVENUES</b>				
Property taxes	\$ 761,947	\$ 303,804	\$ -	\$ -
Fees and fines	-	-	-	-
Licenses and permits	124,744	-	-	-
Intergovernmental revenues	317,808	261,123	180,170	-
Charges for services	84,350	-	-	547,892
Investment earnings	244,056	-	-	-
Miscellaneous	82,015	63,187	-	-
<b>TOTAL REVENUES</b>	<b>1,614,920</b>	<b>628,114</b>	<b>180,170</b>	<b>547,892</b>
<b>EXPENDITURES</b>				
Current:				
General government	367,648	-	4,368	-
Public safety	783,104	-	-	-
Public works	-	442,618	9,062	-
Health and sanitation	-	-	9,823	-
Culture and recreation	202,576	-	2,000	-
Education	-	-	-	-
Economic development	-	-	-	-
Debt Service:				
Principal	2,941	-	51,534	575,060
Interest and other charges	528	-	-	155,965
Capital outlay	-	238,541	179,093	-
<b>TOTAL EXPENDITURES</b>	<b>1,356,797</b>	<b>681,159</b>	<b>255,880</b>	<b>731,025</b>
Excess (deficiency) of revenues over expenditures	258,123	(53,045)	(75,710)	(183,133)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital debt	-	-	150,000	-
Transfers in	-	-	-	-
Transfers out	-	-	(7,987)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>142,013</b>	<b>-</b>
<b>SPECIAL ITEM</b>				
Proceeds from sale of assets	4,000	4,763	-	-
Net change in fund balances	262,123	(48,282)	66,303	(183,133)
Fund Balances, October 1, 2019	1,455,560	684,017	715,639	945,212
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<b>\$ 1,717,683</b>	<b>\$ 635,735</b>	<b>\$ 781,942</b>	<b>\$ 762,079</b>

Other Governmental Funds	Total Governmental Funds	Shelley Urban Renewal Area	Country Club Urban Renewal	Total Urban Renewal
\$ 7,720	\$ 1,073,471	\$ -	\$ 249,081	\$ 249,081
-	-	-	-	-
-	124,744	-	-	-
19,683	778,784	-	-	-
37,854	670,096	-	-	-
11	244,067	-	-	-
54,821	200,023	-	-	-
<u>120,089</u>	<u>3,091,185</u>	<u>-</u>	<u>249,081</u>	<u>249,081</u>
-	372,016	-	-	-
-	783,104	-	-	-
25,138	476,818	-	-	-
-	9,823	-	-	-
51,621	256,197	-	-	-
-	-	-	-	-
-	-	-	240,345	240,345
-	629,535	-	-	-
-	156,493	-	-	-
-	417,634	-	-	-
<u>76,759</u>	<u>3,101,620</u>	<u>-</u>	<u>240,345</u>	<u>240,345</u>
43,330	(10,435)	-	8,736	8,736
-	150,000	-	-	-
-	-	-	-	-
-	(7,987)	-	-	-
<u>-</u>	<u>142,013</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>8,763</u>	<u>-</u>	<u>-</u>	<u>-</u>
43,330	140,341	-	8,736	8,736
<u>602,358</u>	<u>4,402,786</u>	<u>16,100</u>	<u>1,709</u>	<u>17,809</u>
\$ <u>645,688</u>	\$ <u>4,543,127</u>	\$ <u>16,100</u>	\$ <u>10,445</u>	\$ <u>26,545</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, 2020**

	<u>Governmental Funds</u>	<u>Component Units</u>
Net change in fund balances - total governmental funds:	\$ 140,341	\$ 8,736
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 \$417,634 and depreciation of \$282,924 in the current period.	134,710	-
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.	1,822	-
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.	479,535	-
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	49,439	-
Net change in pension expense not reflected in the governmental funds	(81,904)	-
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.	(13,597)	-
Change in net position of governmental activities:	<u>\$ 710,346</u>	<u>\$ 8,736</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND TYPES**  
**September 30, 2020**

	Sanitation Fund	Water Fund	Sewer Fund	Other Enterprise Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 375,723	\$ 983,212	\$ 1,735,769	\$ 795,547
Receivables	3,505	6,971	16,712	-
Prepaid expenses	-	-	70,600	-
Restricted cash and equivalents	-	-	-	-
Construction in progress	-	296,091	-	-
Land and water rights	36,915	408,000	-	-
Buildings	181,633	66,195	72,621	-
Enterprise system assets	-	2,535,905	1,084,439	-
Equipment	590,446	193,754	467,733	-
Accumulated depreciation	(550,354)	(1,129,267)	(1,134,583)	-
<b>TOTAL ASSETS</b>	<b>637,868</b>	<b>3,360,861</b>	<b>2,313,291</b>	<b>795,547</b>
<b>DEFERRED OUTFLOWS - Pension</b>	<b>15,767</b>	<b>14,132</b>	<b>10,670</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	-	3,150	-	-
Due to other funds	-	-	-	-
<b>Long - term liabilities</b>				
<b>Due within one year</b>				
Bonds, capital leases and contracts	558	1,550	992	-
Accrued interest	-	-	-	-
Accrued compensation	5,366	6,978	3,080	-
<b>Due in more than one year</b>				
Bonds, capital leases and contracts	895	2,486	1,591	-
Accrued interest	-	-	-	-
Accrued compensation	4,027	4,754	2,183	-
Net pension liability	62,800	56,288	42,497	-
<b>TOTAL LIABILITIES</b>	<b>73,646</b>	<b>75,206</b>	<b>50,343</b>	<b>-</b>
<b>DEFERRED INFLOWS - Pension</b>	<b>2,050</b>	<b>1,838</b>	<b>1,388</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	257,187	2,366,642	490,210	-
Restricted for				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Other projects	-	-	-	-
Unrestricted	320,752	931,307	1,782,020	795,547
<b>TOTAL NET POSITION</b>	<b>\$ 577,939</b>	<b>\$ 3,297,949</b>	<b>\$ 2,272,230</b>	<b>\$ 795,547</b>

	<u>Total</u>
\$	3,890,251
	27,188
	70,600
	-
	296,091
	444,915
	320,449
	3,620,344
	1,251,933
	<u>(2,814,204)</u>
	<u>7,107,567</u>
	<u>40,569</u>
	3,150
	-
	3,100
	-
	15,424
	4,972
	-
	10,964
	<u>161,585</u>
	<u>199,195</u>
	<u>5,276</u>
	3,114,039
	-
	-
	-
	<u>3,829,626</u>
\$	<u><u>6,943,665</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, 2020**

	Sanitation Fund	Water Fund	Sewer Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 363,982	\$ 549,680	\$ 456,183
Miscellaneous operating revenues	450	2,125	-
<b>TOTAL OPERATING REVENUES</b>	<u>364,432</u>	<u>551,805</u>	<u>456,183</u>
<b>OPERATING EXPENSES</b>			
Personal services	156,331	135,414	100,968
Contractual and professional services	2,935	8,153	7,288
Other supplies and expense	166,059	82,773	18,276
Repairs and maintenance	7,247	20,447	11,927
Utilities	1,383	78,045	281,139
Depreciation	50,048	108,887	93,013
<b>TOTAL OPERATING EXPENSE</b>	<u>384,003</u>	<u>433,719</u>	<u>512,611</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(19,571)</u>	<u>118,086</u>	<u>(56,428)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest revenue	1,818	7,015	7,015
Grants	-	20,000	-
Miscellaneous revenue	-	-	-
Miscellaneous expense	-	-	-
Gain(loss) on sale of assets	45	125	80
Interest expense	(95)	(263)	(169)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>1,768</u>	<u>26,877</u>	<u>6,926</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>	<u>(17,803)</u>	<u>144,963</u>	<u>(49,502)</u>
<b>OTHER REVENUE, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>			
Capital contributions	-	-	-
Capital distributions	-	-	-
Operating transfers in	-	6,123	1,864
Operating transfers out	-	-	-
<b>CHANGE IN NET POSITION</b>	<u>(17,803)</u>	<u>151,086</u>	<u>(47,638)</u>
<b>NET POSITION - October 1, 2019</b>	<u>595,742</u>	<u>3,146,863</u>	<u>2,319,868</u>
<b>NET POSITION - September 30, 2020</b>	<u>\$ 577,939</u>	<u>\$ 3,297,949</u>	<u>\$ 2,272,230</u>

Other Enterprise Funds	Total
\$ 498,589	\$ 1,868,434
-	2,575
<u>498,589</u>	<u>1,871,009</u>
-	392,713
-	18,376
364,865	631,973
-	39,621
-	360,567
-	251,948
<u>364,865</u>	<u>1,695,198</u>
<u>133,724</u>	<u>175,811</u>
-	15,848
-	20,000
-	-
-	-
-	250
-	(527)
<u>-</u>	<u>35,571</u>
133,724	211,382
-	-
-	-
-	7,987
<u>-</u>	<u>-</u>
133,724	219,369
<u>661,823</u>	<u>6,724,296</u>
\$ <u><u>795,547</u></u>	\$ <u><u>6,943,665</u></u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2020**

	<u>Sanitation Fund</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 364,370
Cash payments for goods and services	(177,624)
Cash payments to employees	<u>(141,960)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>44,786</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	45
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>(579)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>1,818</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,818</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>46,025</u>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>329,698</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 375,723</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>	
Operating income (loss)	\$ (19,571)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	50,048
Pension expense associated with net pension liability	14,384
(Increase) decrease in:	
Utility receivables	(62)
Prepaid ERU's	-
Increase (decrease) in:	
Accounts payable	-
Accrued compensation	<u>(13)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 44,786</u>

Water Fund	Sewer Fund	Other Enterprise Funds	Total
\$ 549,719	\$ 455,634	\$ 498,589	\$ 1,868,312
(193,268)	(318,630)	(364,865)	(1,054,387)
(125,996)	(94,153)	-	(362,109)
<u>230,455</u>	<u>42,851</u>	<u>133,724</u>	<u>451,816</u>
6,123	1,864	-	7,987
20,000	-	-	20,000
-	-	-	-
-	-	-	-
<u>26,123</u>	<u>1,864</u>	<u>-</u>	<u>27,987</u>
125	80	-	250
-	-	-	-
(72,723)	(1,864)	-	(74,587)
(1,734)	(1,111)	-	(3,469)
<u>(74,332)</u>	<u>(2,895)</u>	<u>-</u>	<u>(77,806)</u>
<u>7,015</u>	<u>7,015</u>	<u>-</u>	<u>15,848</u>
<u>7,015</u>	<u>7,015</u>	<u>-</u>	<u>15,848</u>
<u>189,261</u>	<u>48,835</u>	<u>133,724</u>	<u>417,845</u>
<u>793,951</u>	<u>1,686,934</u>	<u>661,823</u>	<u>3,472,406</u>
<u>\$ 983,212</u>	<u>\$ 1,735,769</u>	<u>\$ 795,547</u>	<u>\$ 3,890,251</u>
\$ 118,086	\$ (56,428)	\$ 133,724	\$ 175,811
108,887	93,013	-	251,948
9,058	6,664	-	30,106
(2,086)	(549)	-	(2,697)
-	-	-	-
(3,850)	-	-	(3,850)
360	151	-	498
<u>\$ 230,455</u>	<u>\$ 42,851</u>	<u>\$ 133,724</u>	<u>\$ 451,816</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF NET POSITION - FIDUCIARY FUND TYPES**  
**September 30, 2020**

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

**CITY OF SHELLEY - STATE OF IDAHO**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUND TYPES**  
**For the Year Ended September 30, 2020**

	<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, 2019</b>	<hr/> 426
<b>NET POSITION - September 30, 2020</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, 2020**

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**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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 of 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, 2020**

**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, 2020**

**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, 2020, unrecorded fund liabilities included approximately \$85,200 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, 2020**

**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, 2020**

**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, 2020, totaled \$8,287,841, of which \$957,905 represented demand deposits and \$7,329,936 represented investments. Of the total deposits of the City, \$4,397,164 was allocated to governmental funds, \$3,890,251 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 \$957,905 and the bank balance was \$1,373,440. The amount not covered by FDIC insurance was \$1,110,224.

Investments

The fair value of the City's investments at year end was \$7,329,936. Of the investments, \$6,829,936 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	\$ 7,329,936	\$ 2,711,795	\$ 4,618,141	\$ -	N/A	100.00%
Total Investments	\$ 7,329,936	\$ 2,711,795	\$ 4,618,141	\$ -		100.00%

Restricted Cash

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

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.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

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

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	\$ -	\$ 7,329,936	-	7,329,936
	\$ -	7,329,936	-	7,329,936

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

**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.



**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 10-01-2019	Additions	Deletions	Balance 09-30-2020
<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	1,831,490	238,541	-	2,070,031
Buildings and improvements	901,267	-	-	901,267
Machinery and equipment	1,266,720	179,093	(6,250)	1,439,563
Total capital assets, being depreciated	3,999,477	417,634	(6,250)	4,410,861
Less accumulated depreciation for				
Infrastructure	(527,232)	(155,213)	-	(682,445)
Buildings and improvements	(639,690)	(21,004)	-	(660,694)
Machinery and equipment	(936,358)	(106,707)	6,250	(1,036,815)
Leased equipment	-	-	-	-
Total accumulated depreciation	(2,103,280)	(282,924)	6,250	(2,379,954)
Total capital assets, being depreciated, net	1,896,197	134,710	-	2,030,907
Governmental activity, capital assets, net	\$ 2,688,285	\$ 134,710	\$ -	\$ 2,822,995

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

<b><u>Governmental activities</u></b>	
General government	\$ 15,052
Public works	191,064
Public safety	53,459
Parks and recreation	23,349
Current depreciation expense	\$ 282,924

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**4. CAPITAL ASSETS (Continued)**

	Balance 10-01-2019	Additions	Deletions	Balance 09-30-2020
<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	591,571	-	(1,125)	590,446
Total sanitation assets, being depreciated	773,204	-	(1,125)	772,079
Less accumulated depreciation for				
Buildings and improvements	(99,079)	(4,562)	-	(103,641)
Equipment	(402,352)	(45,486)	1,125	(446,713)
Total sanitation accumulated depreciation	(501,431)	(50,048)	1,125	(550,354)
Total sanitation capital assets, being depreciated, net	271,773	(50,048)	-	221,725
Total sanitation capital assets, net	308,688	(50,048)	-	258,640
<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	467,869	1,864	(2,000)	467,733
Sewer system	1,084,439	-	-	1,084,439
Total sewer capital assets, being depreciated	\$ 1,624,929	\$ 1,864	\$ (2,000)	\$ 1,624,793

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**4. CAPITAL ASSETS (Continued)**

	Balance 10-01-2019	Additions	Deletions	Balance 09-30-2020
Less accumulated depreciation for				
Buildings	\$ (64,716)	\$ (994)	\$ -	\$ (65,710)
Equipment	(347,333)	(61,034)	2,000	(406,367)
Sewer system	(631,522)	(30,984)	-	(662,506)
Total sewer accumulated depreciation	(1,043,571)	(93,012)	2,000	(1,134,583)
Total sewer capital assets being depreciated, net	581,358	(91,148)	-	490,210
Total sewer capital assets, net	581,358	(91,148)	-	490,210
<b>Water:</b>				
Capital assets, not being depreciated				
Land	100,000	-	-	100,000
Water rights and easements	308,000	-	-	308,000
Construction in progress	229,491	66,600	-	296,091
Total capital assets, not being depreciated	637,491	66,600	-	704,091
Capital assets, being depreciated				
Buildings	66,195	-	-	66,195
Equipment	190,756	6,123	(3,125)	193,754
Water system	2,535,905	-	-	2,535,905
Total water capital assets, being depreciated	2,792,856	6,123	(3,125)	2,795,854
Less accumulated depreciation for				
Buildings	(61,260)	(260)	-	(61,520)
Equipment	(179,055)	(5,309)	3,125	(181,239)
Water system	(783,191)	(103,317)	-	(886,508)
Total water accumulated depreciation	(1,023,506)	(108,886)	3,125	(1,129,267)
Total water capital assets being depreciated, net	1,769,350	(102,763)	-	1,666,587
Total water capital assets, net	2,406,841	(36,163)	-	2,370,678
Total business-type capital assets, net	\$ 3,296,887	\$ (177,359)	\$ -	\$ 3,119,528

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**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	\$ 50,048
Sewer	93,012
Water	<u>108,886</u>
 Total proprietary activities	 \$ <u>251,946</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, 2020**

**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, 2020, 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 \$131,834 for the year ended June 30, 2020.

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

At September 30, 2020, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's proportion was .0310074 percent.

For the year ended September 30, 2020, the City recognized pension expense/(revenue) of \$252,145. At September 30, 2020, 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	\$ 56,257	\$ 23,511
Changes in assumptions or other inputs	12,177	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	75,394	-
City contributions subsequent to the measurement date	36,948	-
Total	<u>\$ 180,776</u>	<u>\$ 23,511</u>

\$36,948 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, 2019, the beginning of the measurement period ended June 30, 2019 is 4.8 and 4.8 for the measurement period June 30, 2020.

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**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:**

2021	\$	2,325
2022		30,331
2023		41,166
2024		<u>53,631</u>
Total	\$	<u>127,453</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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return (net of investment expenses)	7.05%
Cost-of-living adjustments	1.00%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

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, 2020**

**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.

*Capital Market Assumptions*

<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%	3.05%	.08%
Broad US Equities	55.00%	8.30%	6.05%
Developed Foreign Equities	15.00%	8.45%	6.20%
Assumed Inflation – Mean		2.25%	2.25%
Assumed Inflation – Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.75%	4.5%
Portfolio Standard Deviation		12.54%	12.54%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.13%	3.77%
Assumed Investment Expenses		.40%	.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.73%	3.37%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19%
Portfolio Standard Deviation			14.16%

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**5. PENSION PLAN (Continued)**

**Valuation Assumptions Chosen by PERSI Board**

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses	7.05%

*Discount Rate*

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

*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 7.05%, 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 (6.05%) or 1-percentage-point higher (8.05%) than the current rate:

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
Employer's proportionate share of the net pension liability (asset)	\$1,476,590	\$720,033	\$94,483

*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, 2020, 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.



**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**6. LITIGATION AND CONTINGENT LIABILITIES**

No claims or lawsuits are pending against the City.

**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, 2020, the following changes occurred in long-term debt:

	Balance 10-01-2019	Additions	Reductions	Balance 09-30-2020	Amounts due within one year
<b>Governmental Activities</b>					
Accrued interest	\$ 60,223	\$ 10,784	\$ (60,223)	\$ 10,784	\$ 10,784
Accrued compensation	71,603	13,597	-	85,200	50,675
Sewer bond payable	5,366,388	-	(575,060)	4,791,328	393,516
Net pension liability	269,602	288,846	-	558,448	-
US Bank lease/purchase	-	150,000	(51,534)	98,466	48,482
IBM purchase agreement	11,013	-	(2,941)	8,072	3,101
<b>Total governmental activities</b>	<b>5,778,829</b>	<b>463,227</b>	<b>(689,758)</b>	<b>5,552,298</b>	<b>506,558</b>
<b>Business-type Activities</b>					
Accrued compensation	25,890	498	-	26,388	15,424
Net pension liability	73,136	88,449	-	161,585	-
IBM Purchase Agreement	11,012	-	(2,940)	8,072	3,100
<b>Total business-type activities</b>	<b>110,038</b>	<b>88,947</b>	<b>(2,940)</b>	<b>196,045</b>	<b>18,135</b>
<b>Total long-term activities</b>	<b>\$ 5,888,867</b>	<b>\$ 552,174</b>	<b>\$ (692,698)</b>	<b>\$ 5,748,343</b>	<b>\$ 524,693</b>

Debt Service Requirements:

Debt service requirements for the DEQ bond and IBM note payable at September 30, 2020, are as follows:

Year	DEQ Bond – 2%	
	Principal	Interest
2021	\$ 393,516	\$ 93,834
2022	401,426	85,924
2023	409,495	77,855
2024	417,527	69,823
2025	426,118	61,232
2026 – 2030	2,262,452	174,298
2031	480,794	7,192
	<b>\$ 4,791,328</b>	<b>\$ 570,158</b>

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

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

Debt service requirements for IBM and US Bank lease/purchase agreements at September 30, 2020, are as follows:

Year	IBM Server Purchase – 5.31%		US Bank Lease/Purchase – 3.10%	
	Principal	Interest	Principal	Interest
2021	\$ 6,202	\$ 708	\$ 48,482	\$ 3,052
2022	6,540	371	49,984	1,550
2023	3,402	54	-	-
	<u>\$ 16,144</u>	<u>\$ 1,133</u>	<u>\$ 98,466</u>	<u>\$ 4,602</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 fund deficits reportable by the City.

There were no interfund receivables or payables as of September 30, 2020.

**12. INTERFUND TRANSFERS**

There were no interfund transfers during the 2019 fiscal year.

**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.

**CITY OF SHELLEY - STATE OF IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2020**

**13. JOINT VENTURE (Continued)**

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 February 9, 2021. 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, 2020**

**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 2020 fiscal year, property taxes in the amount totaling \$249,081 were abated; \$220,000 was paid to Golden Valley Naturals for reimbursement of eligible infrastructure costs and \$20,000 was paid for administrative costs. At year end, there was a balance of \$113,007 plus a contingency of \$107,000 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, 2020**

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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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020.

**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, 2020**

**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, 2020**

**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, 2020, 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, 2020, 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, 2020, \$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, 2020**

**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, 2020.

**8. DEFICIT FUND BALANCE**

The General Fund did not have a deficit fund balance as of September 30, 2020.

**9. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of February 9, 2021.

**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, 2020**

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  - 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
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2. Cash and Investments
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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, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. GENERAL**

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

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

**B. REPORTING ENTITY**

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

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

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

***Government-wide Financial Statements***

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

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

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

**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO**  
**A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

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

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

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

**Cash and Investments**

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

**Taxes Receivable**

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

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

**Deferred Outflows**

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

**Long-term Obligations**

The Area does not have any long-term obligations.

**Deferred Inflows**

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



**COUNTRY CLUB ROAD URBAN RENEWAL AREA - STATE OF IDAHO**  
**A COMPONENT UNIT OF THE CITY OF SHELLEY, IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2020**

**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, 2020**

**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, 2020.

**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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NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2020**

**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, 2020, totaled \$10,445 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, 2020, the carrying amount of the Area's deposits in financial institutions was \$10,445. The bank balance at year end was \$10,445. At September 30, 2020, 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, 2020**

**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, 2020.

**8. DEFICIT FUND BALANCE**

The General Fund did not have a deficit fund balance as of September 30, 2020.

**9. SUBSEQUENT EVENTS**

Subsequent events have been considered through the report date of February 9, 2021.

**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 2020 fiscal year, property taxes in the amount totaling \$249,081 were abated; \$220,000 was paid to Golden Valley Naturals for reimbursement of eligible infrastructure costs and \$20,000 was paid for administrative costs. At year end, there was a balance of \$113,007 plus a contingency of \$107,000 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, 2020**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 760,690	\$ 760,690	\$ 766,675
Fees and fines	-	-	-
Licenses and permits	82,525	82,525	124,744
Intergovernmental	210,500	210,500	315,557
Charges for services	68,551	68,551	84,350
Investment earnings	45,000	45,000	244,056
Miscellaneous	67,920	67,920	82,015
<b>TOTAL REVENUES</b>	<b>1,235,186</b>	<b>1,235,186</b>	<b>1,617,397</b>
<b>EXPENDITURES</b>			
Current:			
General government	569,185	569,185	366,740
Public safety	913,455	913,455	777,817
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	274,555	274,555	198,959
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	654,943	654,943	13,282
<b>TOTAL EXPENDITURES</b>	<b>2,412,138</b>	<b>2,412,138</b>	<b>1,356,798</b>
Excess (deficiency) of revenues over expenditures	(1,176,952)	(1,176,952)	260,599
<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	-	-	4,000
Net change in fund balances	(1,176,952)	(1,176,952)	264,599
Fund Balances, October 1, 2019	1,455,560	1,455,560	1,455,560
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<b>\$ 278,608</b>	<b>\$ 278,608</b>	<b>\$ 1,720,159</b>

<u>GAAP</u> <u>Differences</u>	<u>GAAP</u> <u>Basis</u>
\$ (4,728)	\$ 761,947
-	-
-	124,744
2,251	317,808
-	84,350
-	244,056
-	82,015
<u>(2,477)</u>	<u>1,614,920</u>
908	367,648
5,287	783,104
-	-
-	-
3,617	202,576
-	-
528	528
2,941	2,941
<u>(13,282)</u>	<u>-</u>
<u>(1)</u>	<u>1,356,797</u>
(2,476)	258,123
-	-
-	-
-	-
<u>-</u>	<u>-</u>
-	-
-	4,000
(2,476)	262,123
-	1,455,560
<u><u>\$ (2,476)</u></u>	<u><u>\$ 1,717,683</u></u>



**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**STREET FUND**  
**For the year ended September 30, 2020**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 302,954	\$ 302,954	\$ 304,552
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	1,243,000	1,243,000	246,445
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	40,000	40,000	62,362
<b>TOTAL REVENUES</b>	<b>1,585,954</b>	<b>1,585,954</b>	<b>613,359</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	783,172	783,172	527,330
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	1,240,726	1,240,726	153,830
<b>TOTAL EXPENDITURES</b>	<b>2,023,898</b>	<b>2,023,898</b>	<b>681,160</b>
Excess (deficiency) of revenues over expenditures	(437,944)	(437,944)	(67,801)
<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	-	-	4,763
Net change in fund balances	(437,944)	(437,944)	(63,038)
Fund Balances, October 1, 2019	684,017	684,017	684,017
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<b>\$ 246,073</b>	<b>\$ 246,073</b>	<b>\$ 620,979</b>

GAAP Differences		GAAP Basis	
\$	(748)	\$	303,804
	-		-
	-		-
	14,678		261,123
	-		-
	-		-
	825		63,187
	<u>14,755</u>		<u>628,114</u>
	-		-
	-		-
	(84,712)		442,618
	-		-
	-		-
	-		-
	-		-
	84,711		238,541
	<u>(1)</u>		<u>681,159</u>
	14,756		(53,045)
	-		-
	-		-
	-		-
	-		-
	-		-
	-		4,763
	14,756		(48,282)
	-		684,017
\$	<u>14,756</u>	\$	<u>635,735</u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**STATE REVENUE SHARING**  
**For the year ended September 30, 2020**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	160,000	160,000	187,338
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>160,000</b>	<b>160,000</b>	<b>187,338</b>
<b>EXPENDITURES</b>			
Current:			
General government	6,300	6,300	4,368
Public safety	42,000	42,000	51,534
Public works	447,758	447,758	34,472
Health, welfare and sanitation	207,750	207,750	33,457
Culture and recreation	118,200	118,200	2,000
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>822,008</b>	<b>822,008</b>	<b>125,831</b>
Excess (deficiency) of revenues over expenditures	(662,008)	(662,008)	61,507
<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	(662,008)	(662,008)	61,507
Fund Balances, October 1, 2019	715,639	715,639	715,639
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<b>\$ 53,631</b>	<b>\$ 53,631</b>	<b>\$ 777,146</b>

GAAP Differences	GAAP Basis
\$ -	\$ -
-	-
-	-
(7,168)	180,170
-	-
-	-
-	-
<u>(7,168)</u>	<u>180,170</u>
-	4,368
(51,534)	-
(25,410)	9,062
(23,634)	9,823
-	2,000
-	-
51,534	51,534
-	-
<u>179,093</u>	<u>179,093</u>
<u>130,049</u>	<u>255,880</u>
(137,217)	(75,710)
150,000	150,000
-	-
-	-
<u>(7,987)</u>	<u>(7,987)</u>
<u>142,013</u>	<u>142,013</u>
-	-
4,796	66,303
-	715,639
<u>\$ 4,796</u>	<u>\$ 781,942</u>

**CITY OF SHELLEY**  
**BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)**  
**BOND REPAYMENT FUND**  
**For the year ended September 30, 2020**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	540,000	540,000	547,891
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<b>540,000</b>	<b>540,000</b>	<b>547,891</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Debt Service:			
Principal	487,350	487,350	731,025
Interest and other charges	-	-	-
Capital outlay	748,500	748,500	-
<b>TOTAL EXPENDITURES</b>	<b>1,235,850</b>	<b>1,235,850</b>	<b>731,025</b>
Excess (deficiency) of revenues over expenditures	(695,850)	(695,850)	(183,134)
<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	(695,850)	(695,850)	(183,134)
Fund Balances, October 1, 2019	945,212	945,212	945,212
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<b>\$ 249,362</b>	<b>\$ 249,362</b>	<b>\$ 762,078</b>

GAAP Differences		GAAP Basis	
\$	-	\$	-
	-		-
	-		-
	-		-
	1		547,892
	-		-
	-		-
	1		547,892
	-		-
	-		-
	-		-
	-		-
	-		-
	(155,965)		575,060
	155,965		155,965
	-		-
	-		731,025
	1		(183,133)
	-		-
	-		-
	-		-
	-		-
	-		-
	1		(183,133)
	-		945,212
\$	1	\$	762,079

**CITY OF SHELLEY - STATE OF IDAHO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended September 30, 2020**

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, 2020

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Fees and fines	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Economic development	16,100	16,100	-
Education	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>16,100</u>	<u>16,100</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(16,100)	(16,100)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	-
Other sources	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEM</b>			
Proceeds from sale of capital assets	-	-	-
<b>Net change in fund balances</b>	<u>(16,100)</u>	<u>(16,100)</u>	<u>-</u>
<b>Fund Balances, October 1, 2019</b>	<u>16,100</u>	<u>16,100</u>	<u>16,100</u>
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,100</u>

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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, 2020**

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, 2020**

	Budgeted Amount		Budgetary
	Original	Final	Basis
<b>REVENUES</b>			
Property taxes	\$ 240,600	\$ 240,600	\$ 249,081
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>249,081</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health, welfare and sanitation	-	-	-
Culture and recreation	-	-	-
Education	-	-	-
Economic development	242,761	242,761	240,345
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>242,761</b>	<b>242,761</b>	<b>240,345</b>
Excess (deficiency) of revenues over expenditures	(2,161)	(2,161)	8,736
<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	(2,161)	(2,161)	8,736
Fund Balances, October 1, 2019	1,709	1,709	1,709
<b>FUND BALANCES, SEPTEMBER 30, 2020</b>	<b>\$ (452)</b>	<b>\$ (452)</b>	<b>\$ 10,445</b>

GAAP Differences		GAAP Basis	
\$	-	\$	249,081
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		249,081
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		240,345
	-		-
	-		-
	-		-
	-		-
	-		-
	-		240,345
	-		-
	-		8,736
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		8,736
	-		1,709
\$	-	\$	10,445

**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, 2020**

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%

\*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%	

\*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, 2020**

**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, 2020. 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, 2020
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll open
Remaining amortization period	20.5 years
Asset valuation method	Market value
<u>Actuarial assumptions:</u>	
Investment Rate of Return *	7.05%
Projected salary increases	3.75%
Includes salary inflation	3.75%
Postretirement benefit increase	1.00%
Implied price inflation rate	3.00%
Discount Rate – Actuarial Accrued Liability	7.05%

\* 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, 2020**

	Street Lighting Fund	Combined L.I.D. Assessment Fund	Recreation Fund	Totals
<b>ASSETS</b>				
Cash	\$ 118,316	\$ 13,458	\$ (1,426)	\$ 130,348
Receivables (net)				-
Property taxes	319	-	-	319
Sales tax	-	-	-	-
State motor users	-	-	-	-
Franchise tax	-	-	-	-
Assessments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>118,635</u>	<u>13,458</u>	<u>(1,426)</u>	<u>130,667</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 118,635</u>	<u>\$ 13,458</u>	<u>\$ (1,426)</u>	<u>\$ 130,667</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>268</u>	<u>-</u>	<u>-</u>	<u>268</u>
<b>FUND BALANCES</b>				
Assigned	<u>118,367</u>	<u>13,458</u>	<u>(1,426)</u>	<u>130,399</u>
<b>TOTAL FUND BALANCES</b>	<u>118,367</u>	<u>13,458</u>	<u>(1,426)</u>	<u>130,399</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 118,635</u>	<u>\$ 13,458</u>	<u>\$ (1,426)</u>	<u>\$ 130,667</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, 2020**

	Street Lighting Fund	Combined L.I.D. Assessment Fund	Recreation Fund	Totals
<b>REVENUES</b>				
Taxes	\$ 7,720	\$ -	\$ -	\$ 7,720
Fees and fines	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues	19,683	-	-	19,683
Entitlement	-	-	-	-
Charges for services	-	-	37,854	37,854
Investment earnings	-	11	-	11
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>27,403</b>	<b>11</b>	<b>37,854</b>	<b>65,268</b>
<b>EXPENDITURES</b>				
Administration	-	-	995	995
Maintenance	-	-	-	-
Parks and recreation	-	-	50,626	50,626
Snow and ice control	-	-	-	-
Trash	-	-	-	-
Street cleaning	-	-	-	-
Street lights	23,843	-	-	23,843
Traffic lights	1,295	-	-	1,295
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>25,138</b>	<b>-</b>	<b>51,621</b>	<b>76,759</b>
Excess of revenues over (under) expenditures	2,265	11	(13,767)	(11,491)
<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	2,265	11	(13,767)	(11,491)
<b>FUND BALANCES - October 1, 2019</b>	<b>116,102</b>	<b>13,447</b>	<b>12,341</b>	<b>141,890</b>
<b>FUND BALANCES - September 30, 2020</b>	<b>\$ 118,367</b>	<b>\$ 13,458</b>	<b>\$ (1,426)</b>	<b>\$ 130,399</b>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - DEBT SERVICE FUNDS - NONMAJOR**  
**September 30, 2020**

	Sewer Bond Reserve Fund	Totals
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 515,289	\$ 515,289
Receivables (net)		
Due from other funds	-	-
Deferred assessments	-	-
Delinquent assessments	-	-
<b>TOTAL ASSETS</b>	<u>515,289</u>	<u>515,289</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>\$ 515,289</u></u>	<u><u>\$ 515,289</u></u>
<b>LIABILITIES</b>		
Due to other funds	\$ <u>-</u>	\$ <u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>		
Revenue unavailable for use	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	<u>515,289</u>	<u>515,289</u>
<b>TOTAL FUND BALANCE</b>	<u>515,289</u>	<u>515,289</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u><u>\$ 515,289</u></u>	<u><u>\$ 515,289</u></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, 2020**

	Sewer Bond Reserve Fund	Totals
<b>REVENUES</b>		
Interest	\$ -	\$ -
Bond reserve revenue	54,821	54,821
Current assessments	-	-
	<u>54,821</u>	<u>54,821</u>
<b>TOTAL REVENUES</b>		
	<u>54,821</u>	<u>54,821</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	54,821	54,821
<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	54,821	54,821
<b>FUND BALANCE - October 1, 2019</b>	<u>460,468</u>	<u>460,468</u>
<b>FUND BALANCE - September 30, 2020</b>	<u>\$ 515,289</u>	<u>\$ 515,289</u>



**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - PROPRIETARY FUNDS - NONMAJOR**  
**September 30, 2020**

	<u>Water Reserve Fund</u>	<u>Sewer Reserve Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash	\$ 350,163	\$ 445,384	\$ 795,547
Receivables (net)			
Due from other funds	-	-	-
Deferred assessments	-	-	-
Delinquent assessments	-	-	-
<b>TOTAL ASSETS</b>	<u>350,163</u>	<u>\$ 445,384</u>	<u>795,547</u>
<b>DEFERRED OUTFLOWS</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 350,163</u>	<u>445,384</u>	<u>\$ 795,547</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS</b>			
Revenue unavailable for use	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Restricted	<u>350,163</u>	<u>445,384</u>	<u>795,547</u>
<b>TOTAL FUND BALANCE</b>	<u>350,163</u>	<u>445,384</u>	<u>795,547</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE</b>	<u>\$ 350,163</u>	<u>\$ 445,384</u>	<u>\$ 795,547</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, 2020**

	Water Reserve Fund	Sewer Reserve Fund	Totals
<b>REVENUES</b>			
Bond reserve revenue	\$ 97,400	\$ 401,189	\$ 498,589
<b>TOTAL REVENUES</b>	<u>97,400</u>	<u>401,189</u>	<u>498,589</u>
<b>EXPENDITURES</b>			
Administration	-	-	-
Miscellaneous	-	364,865	364,865
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>364,865</u>	<u>364,865</u>
Excess of revenues over (under) expenditures	97,400	36,324	133,724
<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	97,400	36,324	133,724
<b>FUND BALANCE - October 1, 2019</b>	<u>252,763</u>	<u>409,060</u>	<u>661,823</u>
<b>FUND BALANCE - September 30, 2020</b>	<u>\$ 350,163</u>	<u>\$ 445,384</u>	<u>\$ 795,547</u>

**CITY OF SHELLEY - STATE OF IDAHO**  
**COMBINING BALANCE SHEET - FIDUCIARY FUND TYPES - PRIVATE PURPOSE TRUST FUNDS**  
September 30, 2020

	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, 2020**

	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, 2019</b>	<u>426</u>	<u>426</u>
<b>FUND BALANCES - September 30, 2020</b>	<u>\$ 426</u>	<u>\$ 426</u>

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**OTHER SUPPLEMENTARY INFORMATION**

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***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, 2020, 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 February 9, 2021.

**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  
February 9, 2021