

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 9, 2024

NEW ISSUE; BOOK-ENTRY ONLY

**Insured Rating: AA; Underlying Rating: A1
(See "RATING" herein)**

In the opinion of MSBT Law, Chtd., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain covenants, restrictions, conditions and requirements by the District as mentioned under "TAX MATTERS" herein, interest on the Bonds is excluded from gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Code"), and interest on the Bonds is not a specific preference item for the purposes of the federal alternative minimum tax as defined in Section 55(b)(2) of the Code. Interest on the Bonds is excluded from Idaho taxable income under present Idaho income tax laws. See "TAX MATTERS" herein.



\$36,075,000*

**EASTERN IDAHO REGIONAL SEWER DISTRICT, IDAHO
SEWER REVENUE BONDS,
SERIES 2024**

Dated: Date of Delivery

Due: September 15, as shown below

The Series 2024 Bonds will initially be issued to and registered only in the name of _____, as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not be entitled to receive physical delivery of the Series 2024 Bonds. For so long as any purchaser is the beneficial owner of a Series 2024 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of principal of and interest on such Bond. See "DESCRIPTION OF THE SERIES 2024 BONDS – Book-Entry Only System" herein.

The Series 2024 Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and are interchangeable as provided in the Bond Resolution. The Series 2024 Bonds will be dated as of their date of delivery. Interest on the Series 2024 Bonds (payable semi-annually on each March 15 and September 15, commencing March 15, 2025) will be payable by check or draft mailed to the registered owners thereof. Principal of the Series 2024 Bonds will be payable at the principal office of U.S. Bank Trust Company, National Association as trustee, registrar and paying agent ("Trustee").



The Series 2024 Bonds will be guaranteed under a municipal bond insurance policy to be issued by Build America Mutual ("BAM" or the "Bond Insurer") concurrently with the delivery of the Insured Series 2024 Bonds. See "Bond Insurance" herein.

The Series 2024 Bonds are being issued to provide funds which will be used to construct improvements to the District's sewer system to include biological treatment improvements; membrane bioreactor improvements; UV disinfection improvements; lift station improvements; and upgrades to headworks.

The Series 2024 Bonds are payable from revenues of the sewer system of the District (the "System") which remain after paying the expenses of operating and maintaining the System. The Series 2024 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity.

The Series 2024 Bonds will bear interest in accordance with the Official Notice of Sale included herein. Electronic bids via Parity in accordance with the Notice of Sale will be received until August 15, 2024, until 9:30 AM, when the bids will be opened.

The Series 2024 Bonds are offered when, as and if issued and accepted by the purchaser of the Series 2024 Bonds and are subject to the unqualified approval of legality by MSBT Law, Chtd., Bond Counsel. Certain legal matters will be passed on by Nelson Hall Parry Tucker, PLLC, general counsel to the District. Clearwater Financial, LLC is serving as Municipal Advisor. It is expected that the Series 2024 Bonds will be delivered through the facilities of DTC in New York, New York, on or about August 29, 2024. The District deems this Preliminary Official Statement to be final as of its date for purposes of SEC Rule 15c2-12, except for information which may be omitted therefrom pursuant to Rule 15c2-12.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

*Subject to change

THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF IDAHO, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. THE DISTRICT IS NOT OBLIGATED TO PAY ANY OF THE SERIES 2024 BONDS OR THE INTEREST THEREON EXCEPT FROM REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT SHALL BE DEEMED PLEDGED TO THE PAYMENT OF THE SERIES 2024 BONDS.

MATURITY SCHEDULE*

Due September 15	Principal Amount	Interest Rate	Yield	CUSIP**	Due September 15	Principal Amount	Interest Rate	Yield	CUSIP**
2025	\$				2040	\$			
2026	\$				2041	\$			
2027	\$				2042	\$			
2028	\$				2043	\$			
2029	\$				2044	\$			
2030	\$				2045	\$			
2031	\$				2046	\$			
2032	\$				2047	\$			
2033	\$				2048	\$			
2034	\$				2049	\$			
2035	\$				2050	\$			
2036	\$				2051	\$			
2037	\$				2052	\$			
2038	\$				2053	\$			
2039	\$				2054	\$			

* Subject to change.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® numbers are provided for convenience of reference only. None of the District, the Municipal Advisor or the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024 Bonds as a result of various subsequent actions.

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2024 Bonds identified on the cover. No person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2024 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The Municipal Advisor has reviewed the information in this Official Statement but does not guarantee the accuracy or completeness of such information.

Except for information provided by U.S. Bank Trust Company, National Association with respect to the Trustee, the Trustee has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “Exhibit __ - Specimen Municipal Bond Insurance Policy”.

Upon execution and delivery, the Series 2024 Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2024 Bonds for sale. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Series 2024 Bonds or passed upon the adequacy or accuracy of this Official Statement. Any representation to the contrary is a criminal offense.

Searle Hart and Associates, PLLC, the District’s independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein as part of Appendix B, any procedures on the Comprehensive Annual Financial Report of the District for the fiscal year ended September 30, 2023. Searle Hart and Associates, PLLC has not performed any procedures relating to this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12.

Certain information contained in this Official Statement may have been obtained from sources other than records of the District and, while believed to be reliable, is not guaranteed as to completeness or accuracy.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as exhibits to this Official Statement, they will be furnished on request.



EASTERN IDAHO REGIONAL SEWER DISTRICT BOARD OF DIRECTORS

Brian Powell, President
Craig Cutler, Vice President
Sid Hamberlin, Secretary/Treasurer
Frank Lemmo, Member
Jeff Cox, Member

District Manager
Scott Barry

BUSINESS MANAGER
Janice Boggs

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OFFICIAL NOTICE OF SALE

\$36,075,000*

Eastern Idaho Regional Sewer District, Idaho

Sewer Revenue Bonds,

Series 2024

FORM OF ISSUE PRICE CERTIFICATE

\$36,075,000*

Eastern Idaho Regional Sewer District, Idaho
Sewer Revenue Bonds
Series 2024

The undersigned, on behalf of _____, (“Underwriter”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the “Bonds”). Capitalized terms used herein are defined in Section 2 below.

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Other Matters.*** Representations as to reserve fund and average maturity to be included here, as applicable, at time of closing.

3. ***Defined Terms.***

(a) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(b) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Davidson’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by MSBT Law, Chtd., in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

*Subject to change

By: _____

Name: _____

Dated: August 15, 2024

OFFICIAL STATEMENT

\$36,075,000*

EASTERN IDAHO SEWER DISTRICT, IDAHO

SEWER REVENUE BONDS

SERIES 2024

INTRODUCTION

This Official Statement, which includes the Cover Page hereof, the Table of Contents, and the Appendices hereto, is provided to furnish certain information in connection with the offer of \$36,075,000* aggregate principal amount of Sewer Revenue Bonds, Series 2024 (the “Series 2024 Bonds”), issued by Eastern Idaho Sewer District, Idaho (the “District”).

The Series 2024 Bonds will be issued pursuant to, and in accordance with, Title 42, Chapters 32 and Chapter 41, Idaho Code, as amended, as well as other applicable laws (collectively, the “Act”), a Bond Resolution adopted by the Eastern Idaho Regional Sewer District Board of Directors (the “Board”), the governing body of the District, on July 16, 2024 (as supplemented and amended from time to time, the “Bond Resolution”), and a Supplemental Resolution adopted by the Board on July 16, 2024 (the “Supplemental Resolution”). The Bond Resolution is more particularly described herein under “SECURITY FOR THE SERIES 2024 BONDS” and in Appendix F – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

The Series 2024 Bonds are being issued to provide funds to be used (i) to pay certain costs and expenses relating to the issuance of the Series 2024 Bonds.

All information included herein has been provided by the District except where attributed to other sources. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument.

AUTHORITY OF THE DISTRICT TO ISSUE BONDS

The Bonds are being issued in full conformity with the constitution and laws of the State of Idaho, constituting Title 42, Chapters 32 and 41, Idaho Code and pursuant to the Resolution No. 2204-004, adopted on July 16, 2024 (“Bond Resolution”) and the judgment issued in CV06-23-0357, in Re: The Eastern Idaho Regional Sewer District, dated May 2, 2023. Article VIII, Section III, of the Idaho Constitution provides that Idaho political subdivisions are entitled to borrow funds for ordinary and necessary projects without voter approval. The District Court confirmed the District’s determination that the Project to be funded by the Series 2024 Bonds constituted an ordinary and necessary expense that could be funded without voter approval in a process referred to as a judicial confirmation as set forth in Title 7, Chapter 13, Idaho Code.

*Preliminary, subject to change.

THE SERIES 2024 BONDS

Description of the Series 2024 Bonds

The Series 2024 Bonds constitute an issue of \$36,075,000* Sewer Revenue Bonds, Series 2024 (the “Series 2024 Bonds”) of Eastern Idaho Regional Sewer District (the “District”), Idaho. The Series 2024 Bonds will be issued as registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Series 2024 Bonds will be dated the date of their delivery, will mature on September 15 in the years and in the principal amounts set forth on the cover page hereto, and will bear interest at the rates per annum set forth on the cover page hereto payable on September 15, 2025, and semiannually thereafter on September 15 and March 15 of each year (each, an “Interest Payment Date”). The Series 2024 Bonds will initially be issued solely in book-entry form (See “Book-Entry Only System” below).

In the event the Series 2024 Bonds are no longer held in a book-entry only system, the principal and redemption premium, if any, on the Series 2024 Bonds will be payable at the corporate trust office of U.S. Bank Trust Company, National Association (the “Trustee”), as paying agent, and interest on the Series 2024 Bonds will be paid by check or draft mailed by the Trustee, as paying agent (the “Paying Agent”), to the registered owner thereof (the “Bondholder” or “Holder”) as shown on the registration books (the “Books of Registry”) held by the Trustee, as registrar, on the 15th day of the month prior to each Interest Payment Date (the “Record Date”).

Book-Entry Only System

The Series 2024 Bonds, when executed and delivered, will be registered in the name of BOND HOLDER as nominee for the Depository Trust Company New York, New York (“DTC”), which will act as securities depository for the Series 2024 Bonds. Individual purchases will be made in global book-entry form, in principal amounts of \$5,000 or any integral multiple thereof. So long as BOND HOLDER is the Holder of the Series 2024 Bonds, references herein to the “Bondholders” or “Holders” of the Series 2024 Bonds shall mean BOND HOLDER and shall not mean the Beneficial Owners (as defined herein) of the Series 2024 Bonds.

So long as BOND HOLDER is the Holder of the Series 2024 Bonds, principal of the Series 2024 Bonds is payable in the amounts and on the dates set forth on the cover page hereof and interest with respect to the Series 2024 Bonds is payable semiannually on each Interest Payment Date by check or draft mailed to BOND HOLDER, as nominee for DTC, or by wire transfer at the written direction of DTC, which will, in turn, remit such principal and interest to the DTC Participants (as defined below) for subsequent distribution to the Beneficial Owners of the Series 2024 Bonds. If BOND HOLDER is no longer the Holder of the Series 2024 Bonds and a successor securities depository has not been appointed, such interest is payable by check or draft mailed to the persons appearing on the registration books maintained by the Trustee as the Holder of the Series 2024 Bonds as of the Record Date immediately preceding the applicable interest payment date at their respective addresses listed on the Books of Registry maintained by the Trustee for such purposes, and such principal is payable to the Holder upon presentation and surrender of the Series 2024 Bonds at the corporate trust office of the Trustee in Salt Lake City, Utah. Payment of the principal of

*Subject to change

and interest on the Series 2024 Bonds when due or upon prepayment is to be made in lawful money of the United States.

The information under this caption concerning DTC and DTC's book-entry only system has been obtained from sources believed to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com (which is not intended to be an active hyperlink).

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, BOND HOLDER or such other names as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of BOND HOLDER or such other DTC nominee do not effect

any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The District and the Trustee will recognize DTC or its nominee, BOND HOLDER as the registered owner of the Series 2024 Bonds for all purposes. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2024 Bonds to be redeemed.

Neither DTC nor BOND HOLDER (nor such other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns BOND HOLDER's consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified on a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024 Bonds will be made to BOND HOLDER or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District, the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the District and the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to BOND HOLDER (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District acting through the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bond certificates will be printed and delivered to DTC.

Registration and Transfer

Upon the discontinuance of the book-entry only system, Series 2024 Bonds shall be evidenced by bond certificates issued in the name of the Holders thereof as set forth on the Books of Registry, and Series 2024 Bonds shall be transferable only upon the Books of Registry by the Holder thereof in person or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee, as registrar, duly executed by the Holder or his duly authorized attorney. Upon the transfer of any Series 2024 Bond, the District shall execute and thereupon the Trustee, as registrar, shall authenticate and deliver to the transferee a new fully registered Series 2024 Bond or Bonds, registered in the name of the transferee of the same aggregate principal amount, maturity and interest rate as the surrendered Series 2024 Bond.

The District and the Trustee, as registrar, may deem and treat the person in whose name any Series 2024 Bond is registered as the absolute owner of such Series 2024 Bond for the purpose of receiving payment of the principal and redemption premium, if any, of, and interest on, such Series 2024 Bond and for all other purposes.

For every exchange or transfer of any Series 2024 Bond, whether temporary or definitive, the Trustee, as registrar, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

Redemption of the Series 2024 Bonds

Optional Redemption. The Series 2024 Bonds maturing on or after September 15, 2035 (the “First Redemption Date”), are subject to redemption prior to maturity, at the option of the Issuer on and after September 15, 2035, in whole or in part at any time, upon 30 days’ notice, in such manner as will be determined by the Issuer, and by lot (or by such DTC procedure as is customary if the Book-Entry Only System is still in effect) within a maturity at par, plus accrued interest to the redemption date. Any 2024 Bonds maturing on or prior to the First Redemption Date are not subject to optional redemption.

Notice of Redemption. For so long as a book-entry only system for the Series 2024 Bonds is in place, the redemption and the notice of redemption of the Series 2024 Bonds will be accomplished as described. If the book-entry only system is discontinued and if any of the Series 2024 Bonds, or portions thereof, are called for redemption, the Registrar will give notice to the holders of the Series 2024 Bonds to be redeemed, in the name of the Issuer. If less than all of the Series 2024 Bonds are to be redeemed, such notice will specify the respective portions of the principal amount to be redeemed. Such notice will be given by mailing a copy by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the registered owner of each Series 2024 Bond or portion thereof to be redeemed, at the address shown on the bond register maintained by the Trustee; provided, however, the failure to give any such notice by mail, or any defect in the notice mailed to the registered owner of any Series 2024 Bond, will not affect the proceedings for the redemption of any other Series 2024 Bond. If less than all the Series 2024 Bonds of any maturity are called for redemption, the Series 2024 Bonds, or portions thereof, to be redeemed will be selected by lot by the Trustee. The obligation of the Trustee to give the notice of redemption is not conditioned upon (i) the availability of certain identified funds to the Issuer on the

redemption date to make payment in full of the redemption price, including accrued interest on the Bonds to be redeemed, or (ii) the occurrence of any other specified event or condition.

SECURITY FOR THE SERIES 2024 BONDS

Bond Insurance

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$486.0 million, \$232.7 million and \$253.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without

charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment

decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

Pledged Revenues; Special Obligations

The Bond Resolution provides that all bonds issued pursuant to such resolution (collectively, the “Bonds”), including the Series 2024 Bonds, shall be secured by a pledge of, and a lien upon, Revenues of the sewer system of the District (the “System”) that remain after first paying the Expenses of Operating and Maintaining the System. Pursuant to the Bond Resolution, “Revenues” of the System means:

all revenues received by the District from its System and may include, at the discretion of the District, moneys derived from one, all, or any combination of revenue sources pertaining to the System, including, without limitation, rates, charges, rents, connection fees, other fees, and any other income derived from the operation or ownership of, the use of services of, or the availability of or services pertaining to, or otherwise derived in connection with, the System or all or any part of any property pertaining to the System.

Under the Bond Resolution, “Operation and Maintenance Expenses” means: all reasonable and necessary current expenses of the District, (except depreciation), paid or accrued, of operating, maintaining, and repairing the System or of levying, collecting, and otherwise administering the Net Revenues for the payment of the Bond; and the term includes (except as limited by contract or otherwise limited by law) without limiting the generality of the foregoing:

- (1) Engineering, auditing, reporting, legal, and other overhead expenses of the various District departments directly relating and reasonably allocable to the administration of the System;
- (2) Fidelity bonds and property and liability insurance premiums pertaining to the System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining thereto;
- (3) Payments to pension, retirement, health, and hospitalization funds and other insurance related to the System;
- (4) Any taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the District, the System, revenues therefrom, or any privilege in connection with their operation;

- (5) The reasonable charges of the bond registrar, fiscal or paying agent, commercial bank, trust bank, or other depository bank pertaining to the Bond issued by the District or pertaining to the Project, if any;
- (6) Contractual services, professional services, salaries, other administrative expenses, and the cost of materials, supplies, repairs, and labor, pertaining to the issuance of the Bond and to the ordinary operation of the System; and
- (7) All other administrative, general, and commercial expenses of the System.

The pledges and liens securing the Bonds shall at all times and in all respects remain on parity to pledges made to secure other bonds or obligations payable out of the Revenues of the System. As of the date of issuance of the Series 2024 Bonds offered hereby, the District has the following outstanding debt.

Department of Environmental Quality Loan – City of Ammon

- Principal Outstanding: \$15,674,720.65
- Maturing: March 15, 2043
- Semi-Annual Payment: \$509,287.57

Department of Environmental Quality Loan – City of Shelley

- Principal Outstanding: \$3,380,872.42
- Maturing: September 15, 2031
- Semi-Annual Payment: \$243,858.70

Melaleuca Reimbursement Agreement

The District entered into a reimbursement agreement with Melaleuca, Inc. to reimburse Melaleuca for a portion of the infrastructure costs that Melaleuca paid for the construction of a portion of the Northern Interceptor. Fifty percent of the revenue received from connection fees to this section of infrastructure will be reimbursed to Melaleuca up to a potential total reimbursement of \$745,000, with a remaining amount of \$550,971 that could potentially be collected. The only revenue pledged for reimbursement is from the connection fees received for this specific section of infrastructure. In the event the connection fees received by the District are not enough to reimburse Melaleuca, the District has no further legal obligation.

Pursuant to the Bond Resolution, the District may issue Additional Bonds (as such term is further defined under the heading “Additional Bonds” herein) secured by a pledge of Revenues on a parity with the pledge securing the Series 2024 Bonds. In addition, the District may incur other indebtedness, the payment of which is either secured by a pledge of Revenues subordinate and inferior to the pledge securing the Bonds or by revenues derived from certain facilities.

THE SERIES 2024 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF IDAHO, OTHER THAN THOSE PROVISIONS

AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. THE DISTRICT IS NOT OBLIGATED TO PAY ANY OF THE SERIES 2024 BONDS OR THE INTEREST THEREON EXCEPT FROM THE PLEDGED REVENUES DESCRIBED ABOVE.

Rate Covenant

The Revenues of the System are derived principally from sales of sewer service. The District has covenanted in the Bond Resolution to operate the System in an efficient and economical manner and to establish, levy, maintain, revise and collect such fees, rentals, rates and other charges in connection therewith as may be necessary or proper, which fees, rates, rentals and other charges, together with other Revenues, shall at all times be at least sufficient, after making due and reasonable allowances for contingencies, (a) to pay all current Expenses of Operating and Maintaining the System, (b) to produce at least 125% of the annual Principal and Interest Requirements (as defined in Appendix F – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION”) on outstanding Bonds (less payments made from the proceeds of Bonds), to be funded from Revenues during the fiscal year with respect to which such rates are being established, (c) to maintain the Debt Service Reserve Fund Requirement (as defined herein), if any, in the Debt Service Reserve Fund, (d) to build up any reserve for depreciation and to build up any reserve for improvements, betterments and extensions to the System, (e) to comply in all respects with the terms of the Act and the Bond Resolution or any other contract or agreement with the holders of the Bonds, and (f) to meet any other obligations of the District which are charges, liens or encumbrances upon the Revenues.

Debt Service Reserve Fund

The Bond Resolution requires the District to enter into a debt service reserve agreement (“Debt Service Reserve Agreement”) with BAM to provide for a debt service reserve fund surety bond. The debt service reserve fund surety bond will provide funds to pay debt service if the Trustee would otherwise use amounts on deposit in a reserve fund. The total amount available under the debt service reserve fund surety bond is equal the Debt Service Reserve Fund Requirement.

Additional Bonds

The District may from time to time issue additional obligations (“Additional Bonds”) on a parity with the Series 2024 Bonds and any other Series of Bonds issued and Outstanding under the Bond Resolution, subject to certain restrictive covenants set forth in the Bond Resolution. Additional Bonds may be issued to defray the cost of improving, extending, enlarging or repairing the System, including the acquisition of any system with which the System shall be combined, or to refund Bonds, Junior Bonds or any notes, bonds or other obligations issued to finance the acquisition, construction, or improvement of the System or other enterprise combined with the System.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the sources of funds to be derived from the issuance and sale of the Series 2024 Bonds and the uses of such funds:

Sources of Funds

Principal Amount of Series 2024 Bonds	\$ 36,075,000
[Net] Original Issue Premium	
Total Estimated Sources	\$ 36,075,000

Uses of Funds

Costs of Issuance (1)	\$ 450,000
Deposit to the Construction Fund	\$ 35,625,000
Total Estimated Uses	\$ 36,075,000

(1) Including underwriter's discount, legal, trust, municipal advisor, rating, insurance, printing and miscellaneous fees.

INVESTMENT CONSIDERATIONS

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2024 Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2024 Bonds. *In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and Municipal Advisors when considering a purchase of the Series 2024 Bonds.*

Climate Change

Planning for climate change in the State and its impact on the operations of local governments is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of climate change is not yet known, and therefore its future impact on the District and other local governments cannot be quantified reliably at this time. In connection with the development of the District's capital improvement program, the District actively factors in environmental and resiliency considerations into its short and long-term planning efforts.

Seismic Activity

Eastern Idaho's historical level of seismic activity increases the likelihood that an earthquake originating in the area could destroy, or render unusable for a period, certain of the District's facilities. Earthquakes may occur in the area, and an earthquake of such magnitude with an epicenter in enough proximity to the District could result in substantial damage.

Disease Outbreak Risk and COVID-19

The global pandemic of COVID-19, a respiratory disease caused by a strain of coronavirus (“COVID 19”), continues to alter the behavior of people, businesses and economies worldwide and has provided an example of financial risk posed to local governments by disease outbreaks.

Over various periods since the beginning of the pandemic in 2020, federal, State of Idaho (the “State”) and local measures and guidance instituted to slow the spread of COVID-19 through social distancing have had detrimental economic impacts both Statewide and locally. The direct negative economic impacts have been felt more acutely within certain sectors, such as travel, tourism, dining and entertainment.

In response to evidence of community spread of COVID-19, on March 13, 2020, Idaho Governor Brad Little (the “Governor”) proclaimed a state of emergency throughout the State. The State implemented a phased plan for allowing economic activity to increase. The plan occurred over four stages and set forth specific criteria for the State to meet before moving into each of the four stages, as well as business protocols for certain businesses to open in the various stages. COVID-19 vaccines are now available to all people in the State over the age of five. As of June 1, 2022, the State reports over 940,000 people are fully vaccinated with nearly half of those having received an additional booster dose. The State never issued vaccine mandates and banned vaccine passports. There are currently no limitations on business operations, and no limits on gatherings.

The Agency cannot predict the scope or duration of preventative actions by federal and State agencies in response to COVID-19, which continue to evolve in response to the conditions of the virus. Moreover, the Agency cannot predict how the COVID-19 pandemic may evolve due to changes in State guidance and responses, future variant strains, and case surges.

Cyber Security Management

The District, like many other public and private entities, relies on a technology environment to conduct its operations and faces multiple cyber security threats including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, “Systems Technology”). As a recipient and provider of sensitive information, the District may be the target of cyber security incidents that could result in adverse consequences to the District and its Systems Technology, requiring a response action to mitigate the consequences.

Cyber security incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the District’s Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. The District has implemented certain controls, including data and network security measures, malware protection, security configuration, website filtering and protection, and user training, to mitigate the risk of cyber security breaches from internal sources or activities. In addition, the District maintains cyber security insurance.

DEBT SERVICE REQUIREMENTS

The following table details the total annual debt service requirements on the DEQ-Ammon Loan, DEQ-Shelley Loan, and Series 2024 Bonds:

DEQ – Ammon Loan, DEQ – Shelley Loan, and Series 2024 Bonds combined

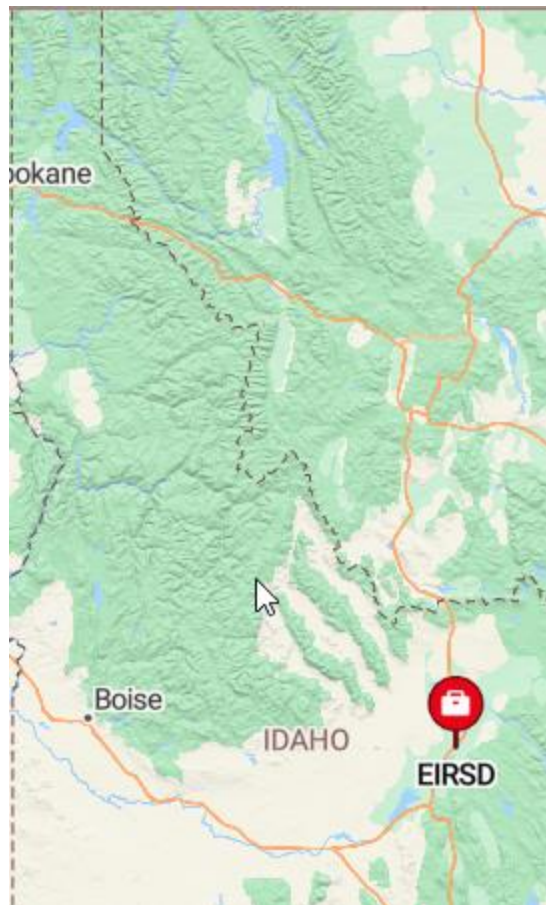
Period Ending September 15th	Principal	Interest	Aggregate Debt Service
FY25	\$ 1,088,830.35	\$ 417,462.19	\$ 1,506,292.54
FY26	\$ 1,628,624.39	\$ 2,098,193.15	\$ 3,726,817.54
FY27	\$ 1,747,518.19	\$ 1,978,524.35	\$ 3,726,042.54
FY28	\$ 1,796,930.95	\$ 1,926,211.59	\$ 3,723,142.54
FY29	\$ 1,850,943.75	\$ 1,873,173.79	\$ 3,724,117.54
FY30	\$ 1,907,338.13	\$ 1,816,404.41	\$ 3,723,742.54
FY31	\$ 1,968,376.22	\$ 1,758,641.32	\$ 3,727,017.54
FY32	\$ 2,024,979.81	\$ 1,698,737.54	\$ 3,723,717.35
FY33	\$ 1,596,345.54	\$ 1,640,004.60	\$ 3,236,350.14
FY34	\$ 1,654,891.21	\$ 1,585,233.93	\$ 3,240,125.14
FY35	\$ 1,708,216.26	\$ 1,528,883.88	\$ 3,237,100.14
FY36	\$ 1,766,955.94	\$ 1,470,544.20	\$ 3,237,500.14
FY37	\$ 1,825,683.65	\$ 1,410,416.49	\$ 3,236,100.14
FY38	\$ 1,890,707.07	\$ 1,347,193.07	\$ 3,237,900.14
FY39	\$ 1,955,747.57	\$ 1,281,927.57	\$ 3,237,675.14
FY40	\$ 2,021,241.52	\$ 1,214,183.62	\$ 3,235,425.14
FY41	\$ 2,091,986.59	\$ 1,144,163.55	\$ 3,236,150.14
FY42	\$ 2,168,626.22	\$ 1,070,998.92	\$ 3,239,625.14
FY43	\$ 2,240,542.89	\$ 995,082.25	\$ 3,235,625.14
FY44	\$ 1,813,667.48	\$ 916,419.69	\$ 2,730,087.17
FY45	\$ 1,370,000.00	\$ 851,850.00	\$ 2,221,850.00
FY46	\$ 1,430,000.00	\$ 790,200.00	\$ 2,220,200.00
FY47	\$ 1,495,000.00	\$ 725,850.00	\$ 2,220,850.00
FY48	\$ 1,560,000.00	\$ 658,575.00	\$ 2,218,575.00
FY49	\$ 1,630,000.00	\$ 588,375.00	\$ 2,218,375.00
FY50	\$ 1,705,000.00	\$ 515,025.00	\$ 2,220,025.00
FY51	\$ 1,780,000.00	\$ 438,300.00	\$ 2,218,300.00
FY52	\$ 1,860,000.00	\$ 358,200.00	\$ 2,218,200.00
FY53	\$ 1,945,000.00	\$ 274,500.00	\$ 2,219,500.00
FY54	\$ 2,030,000.00	\$ 186,975.00	\$ 2,216,975.00
TOTALS	\$ 53,553,153.73	\$ 34,560,250.11	\$ 88,113,403.84

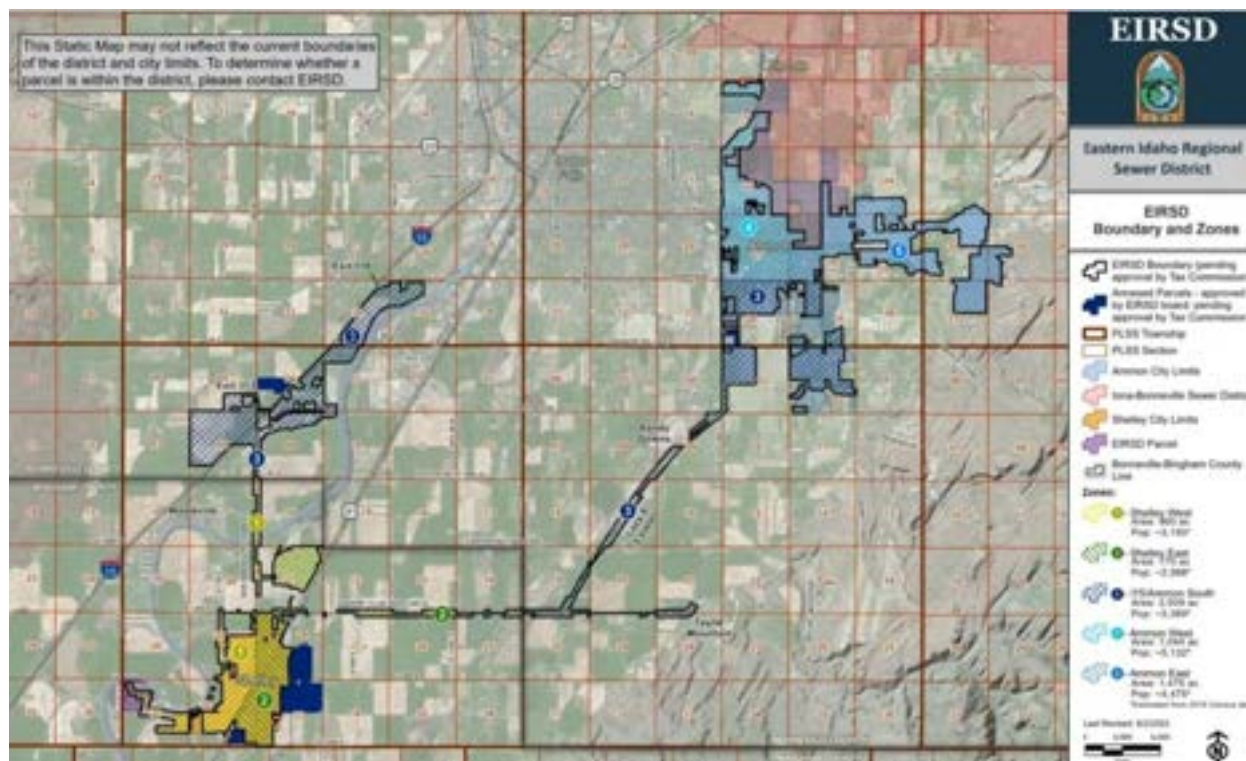
DESCRIPTION OF THE EASTERN IDAHO REGIONAL SEWER DISTRICT

Description of the District

The Eastern Idaho Regional Sewer District (EIRSD) is a sewer district that conveys and treats wastewater collected from the cities of Ammon and Shelley and portions of Bonneville and Bingham Counties. EIRSD was originally formed as a joint powers authority in 2004 and transitioned to a sewer district in 2022. EIRSD owns and operates a regional wastewater treatment plant west of Shelley, known as the Oxbow Water Reclamation Facility (WRF), and several sewer interceptor mains that convey wastewater to the treatment plant. The collected wastewater is treated at the Oxbow WRF before being discharged to the Snake River.

The District's Permit for discharging to the river expired on May 31, 2019. However, the WRF continues to discharge under an administrative extension of the expired permit until the Idaho Department of Environmental Quality is able to issue a new permit.





Government Structure

The District is governed by a five (5) member board of directors elected at large for six-year terms that are staggered, biennially per Idaho Code (Idaho Code Sections 42 -3207). Elections for directors must be held every two (2) years on the third Tuesday in May. The elections are held by and directed by Bonneville County elections and Bingham County elections dependent on the zone in which said director resides.

The current board members are shown below. Each will continue to serve after the expiration of their term until a successor is appointed:

NAME	ROLE	ZONE	TERM BEGAN	TERM EXPIRATION
Brian Powell	President	Zone 5	05/2022	05/2025
Craig Cutler	Vice President	Zone 1	05/2022	05/2027
Sid Hamberlin	Secretary/Treasurer	Zone 3	05/2023	05/2029
Frank Lemmo	Member	Zone 4	05/2022	05/2027
Jeffrey Cox	Member	Zone 2	05/2022	05/2025

Scott Barry is the District Manager and oversees the operation, maintenance, and management of the District. He has been awarded the Wastewater Treatment Operator of the Year for Idaho. He also possesses Class 2 wastewater treatment certification, Class 4 water treatment certification, Class 4 water distribution certification, and Class 1 wastewater lab certification.

In addition to Scott, members of staff hold Class 1 wastewater treatment certification, Class 1 wastewater collections certification, Class 2 wastewater treatment certification, and Class 2 wastewater collection certification. One of the staff is also a Wastewater Treatment Operator of the Year for Idaho, and the Oxbow Plant has been the Region 10 Membrane Plant of the Year.

Janice Boggs has served as the Business Manager of the District since October 2010. Janice has been working in government, non-profit, and small business accounting for over 30 years advising and training managers, owners, and staff on accounting practices and reporting.

The Board is empowered by the state legislature to develop its own budget, establish its own rates and establish its own rules for service. Public meetings are required when the rules of service are changed.

Employees

All employees in established positions participate in the Public Employee Retirement System of Idaho, as well as the Social Security System of the Federal Government. All such employees are non-union. As of June 2024, the District had five (5) employees in the following positions:

District Manager	1 employee
Plant Superintendent	1 employee
Operations/Management	1 employee
Wastewater Operator/Maintenance Worker	1 employee
CDL B Truck Driver	1 employee

Average and Peak Plant Flows

The following table shows the average and peak flows for the District for the past five fiscal years:

Fiscal Year	Average Annual Flow in MGD	Average Annual Peak Flow in MGD
2018-19	1.57	1.79
2019-20	1.48	1.63
2020-21	1.50	1.64
2021-22	1.52	1.66
2022-23	1.64	1.93

Source: The District

The District actively pursues the review and modification of the operation of the System to further enhance overall efficiency and cost effectiveness. Recent improvements in the treatment plant and collection system have resulted in improved treatment and conveyance efficiency. The District has implemented the EPA's proposed Capacity Management Operations and Maintenance (CMOM) program to further improve operations and reduce sanitary sewer overflows. The District's preventive maintenance and capital improvement program has reduced the number of equipment failures and improved operations.

Basic Fee Structure

	Summary of Fees Currently Charged		
	<u>Ammon</u>	<u>Shelley</u>	<u>County Customers</u>
Connection Fee Per ERU			
EIRSD Capacity Replacement Fee	\$5,639	\$5,639	\$5,639
Surcharge (in place until fully operational 2027)	\$582	\$582	\$582
Total Connection Fee	\$6,221	\$6,221	\$6,221
Monthly Fee Per ERU			
EIRSD Monthly O & M Fee	\$15.24	\$15.24	\$15.24
Current Debt Service Fee / Capital Replacement Fee	\$22.00	\$22.00	\$22.00
Future membrane replacement			\$8.85
Total Monthly Sewer Fee	\$37.24	\$37.24	\$46.09

Source: The District

Monthly Fees

Monthly Fees are payable by customers each month that are connected to the system. The monthly fee for customers located in the County is \$46.09 per Equivalent Residential Unit (ERU) and broken up into three portions, a \$15.24 per month operation and maintenance fee, a \$22.00 per month capital replacement/debt service fee, and a \$8.85 future membrane replacement fee. City customers do not pay the future membrane replacement portion, and the monthly fee for customers in the City of Ammon and the City of Shelley is \$37.24 per ERU. The District has historically raised the operations and maintenance fee 5% annually. The District plans to continue with annual increases into the future to cover the increased costs of inflation and increased operating costs after the completion of the project.

Connection Fees

Connection fees are payable by customers initially connecting to the System in the minimum amount of \$5,639 per ERU. The District is charging an additional surcharge per connection of \$582 to help cover increased operation and maintenance costs that will remain in place until the System upgrades are fully operational (anticipated in 2027). An ERU is the equivalent of one single-family dwelling unit and is defined as the discharge of approximately 218 gallons of wastewater into the System on a daily basis. The District will recalculate connection fees at the conclusion of Project 1 and anticipates increasing connection fees based on that calculation.

Recalculation of Connection Fees

EIRSD is in the process of re-evaluating its capital replacement fee. They have engaged a consultant to perform the fee recalculation. Idaho Code and case law dictate the maximum allowable amount of this fee and includes consideration of the value of the District's assets,

unfunded depreciation, outstanding debt, and system capacity. Upgrades to the treatment facility will affect these values and be considered in the re-evaluation of the fee. The District anticipates this fee to increase due to the substantial upgrades that have been completed to date funded by EIRSD's internal cash reserves. The District plans to consider phasing in any increases over a two-year period, likely to start in fiscal year 2025.

Rate Increase History

The following table shows a history of District Monthly rate increases. The charge shown is based on a monthly per ERU increase.

Fiscal Year	Change	% Increase (O&M portion only)
FY 2022	.64	5%
FY 2023	.67	5%
FY 2024	.71	5%
FY 2025	.44	3%

Source: The District

Retail Customers

The number of retail customers of the System for the last five years is as follows:

Fiscal Year	Number of ERUs	% Change
2019	7,630	
2020	7,914	3.7%
2021	8,030	1.5%
2022	8,405	4.7%
2023	8,766	4.3%
2024 YTD	8,965	2.3%

Source: The District

Largest Customers

The following table shows the ten largest customers for the Fiscal Year ended June 30, 2023, by amounts billed and the applicable consumption they use. Billings include sewer service, unused capacity and industrial pretreatment.

Customer	Total Amount Billed	% of Total Sewer Service Revenue	Total ERU's	% of Total ERU's
City of Ammon	91,774.8	64.89%	6,201	70.58%
City of Shelley	32,737.6	23.15%	2,212	25.18%
Taylor Mountain	8,308.3	5.87%	182	2.07%
Melaleuca (3 locations)	4,245.45	3.00%	93	1.06%
Woodville Water & Sewer	1,643.4	1.16%	38	0.43%

Truck Wash	1,437.98	1.02%	31.5	0.36%
Love's Travel Stop	1,278.2	0.90%	28	0.32%
TOTALS	141,425.7		8,785.5	

Source: The District

The Cities of Ammon and Shelley have agreed to use the District as their exclusive provider for the disposal and processing of sewage and wastewater, so long as the District has the capacity to serve them (as defined in Appendix I – “SERVICE AND BILLING AGREEMENTS OF THE CITIES OF AMMON AND SHELLEY”).

Summary of Revenues and Expenses

The following table sets forth the District's Sewer System Revenues and Expenses for the four-year period ending June 30, 2023, and fiscal year 2024 forecasted revenues and expenses based on unaudited year-to-date accounting activity through May 31, 2024. Historical data has been assembled from audited financial statements for the years ending June 30, 2020, through June 30, 2023. Amounts shown are presented on an accrual basis. Because the District was originally organized as an Authority, it did not have the ability to issue debt. A memorandum of understanding was entered into between the Authority, the City of Ammon, and the City of Shelley paving the way for the Cities to obtain the funding through DEQ loans, collect revenue from rate payers, to service the loans, and allow the Authority to use the proceeds to build the Sewer System. Prior to 2023, the City of Ammon and the City of Shelley charged customers the monthly \$22 facility replacement/debt service fee. Each City paid their respective debt service payments on their DEQ loans from revenues associated with those fees. Both the respective revenues and debt service payments were accounted for in the Cities' financial statements and not in the District's Financial Statement. In September of 2023, DEQ approved the transfer of the City of Shelley and City of Ammon Loans to the District. The information below includes the financial information of the District/Authority and the debt service payments and facility replacement/debt service fee revenue accounted for on the City of Ammon and the City of Shelley books.

	Actual				Forecasted based on Unaudited YTD
	2020 ⁽¹⁾	2021 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾	2024 ⁽²⁾
Assessment Charges					
Assessment Revenue	1,140,549	1,465,258	1,712,923	4,643,109	1,603,097
User Rate	-	-	-	-	-
Facility Maintenance Fee (debt service fee)	-	-	-	-	1,495,382
City of Shelley	547,892	573,374	609,073	626,242	509,355
City of Ammon	1,451,059	1,508,377	1,528,441	1,612,363	1,294,425
EIRSD Capacity Replacement Fee (connection fee)	-	-	-	-	2,363,382
Leachate Revenue	-	-	-	-	259,875
Other Revenue	915,574	1,659,534	2,420,316	1,007,229	-
Interest Income	-	-	-	-	788,063
Total Revenue	4,055,074	5,206,543	6,270,753	7,888,943	8,313,578
Operating Expense (less depreciation)	1,095,827	1,361,378	1,451,497	1,439,917	1,557,867
Funds available for Debt Service	2,959,247	3,845,165	4,819,256	6,449,026	6,755,711
Debt Service					
- Ammon DEQ Loan	1,068,523	1,068,523	1,068,523	1,068,523	1,018,575
- Shelley DEQ Loan (3)	487,350	487,350	487,350	487,350	487,350
	1,555,873	1,555,873	1,555,873	1,555,873	1,505,925
Debt service coverage ratio	1.90	2.47	3.10	4.14	4.49
Income (loss) from operations	1,395,143	2,283,041	3,255,152	4,885,582	5,192,267

- (1) Source: Combination of audited Financial Statements of the District, City of Ammon, and City of Shelley. The financial information from the Cities of Shelley and Ammon only includes the DEQ loans, and the revenue received from monthly ERU charges to pay those loans.
- (2) Source: YTD unaudited financial statement
- (3) The City of Ammon paid excess principal on their DEQ loan prior to 2023. When the DEQ Loan was transferred to the District, an updated amortization schedule was agreed to with DEQ reducing the annual debt service payment on the loan.

The historical financial information of the District comprises the District's financial performance and the debt service payments paid for the DEQ loans included in the Cities of Ammon and Shelley's financial statements and the associated revenues from the Cities for the debt service payments. At the beginning of fiscal year 2024 the District worked with the Cities and DEQ to transfer the outstanding loans from the Cities to the District (SEE Appendix J – "CITIES LOAN AGREEMENTS"). Also in fiscal year 2024, the District began collecting a \$22 per ERU fee from all users. This revenue was previously collected and included in the respective Cities' financial statements. In conjunction with the transfer of the DEQ loans, the City of Ammon transferred \$1,023,728 and the City of Shelley transferred \$268,718.30 to the District of cash balances derived from revenues collected by the respective Cities for the purpose of paying the DEQ loan debt service.

Management's Discussion of Recent Operating Results

The Plant is operating well, and there are no known out-of-compliance issues.

Anticipated Capital Needs

The District's wastewater is treated at the Water Reclamation Facility (WRF), which includes headworks, aeration basins, membrane filtration and UV disinfection to treat the liquid portion of the wastewater. The sludge is processed through dewatering and landfill disposal.

The WRF is undersized and lacks critical redundancy for its current users and a number of its components are at their end of service life. Accordingly, with the existing deficiencies, lack of redundancy, and undersized treatment facilities, upgrades are needed to comply with current DEQ Wastewater Rules (IDAPA 58.01.16).

The critical modifications that are needed by the District are as follows:

Project 1

- Biological treatment modifications, to include adding a mixer to enhance treatment, replacing deteriorated blowers to be housed in a new blower building, adding a second basin with blowers to add redundancy and alleviate the existing overloaded basin which is currently not able to consistently maintain the minimum dissolved oxygen levels required by IDAPA, adding a membrane feed pump station, and replacing corroded and substandard electrical gear and panels;

Project 2

- Membrane bioreactor modifications, to include reconfiguring feed piping and the existing membrane feed pump station, adding additional membrane basins which will provide the redundancy that is necessary for operation within the vendor's recommended ranges (including during cleaning and maintenance activities), and replacing actuators and blowers;
- UV disinfection system modifications, to include proper venting of existing piping and replacement of deteriorating wiring;
- Lift station and headworks modifications to include adding odor control and pumping capacity, which will address solids deposition and odor problems, replacement of corroded piping, replacement of corroded and substandard electrical, and the addition of a redundant force main;
- Modifications to the headworks to include retrofit of outdated treatment equipment and the addition of a grit chamber and fine screens to accommodate flows with redundancy, the replacement of corroded and noncompliant electrical equipment, the replacement of substandard HVAC equipment, construction of a concrete pad to contain uncontrolled runoff from dewatering solids and building repairs.

In addition, the District anticipates the following equipment will be needed in the near future:

- Pump station/pivot system for water reuse
- Telehandler
- Truck (within the next few years)

Outstanding Revenue Bond Debt

Description	Maturity	Semi-Annual Payment	Outstanding Balance
DEQ - Ammon Loan	3/15/2043	\$ 509,287.57	\$ 15,674,720.65
DEQ - Shelley Loan	9/15/2031	\$ 243,858.70	\$ 3,380,872.42
Total Debt Service		\$ 753,146.27	\$ 19,055,593.07

Source: The District

Budget Preparation

The State Constitution requires political subdivisions to adopt a balanced budget for each fiscal year and requires the District to adopt prior to the beginning of each fiscal year operating and capital budgets identifying the sources of anticipated revenues including taxes necessary to meet the financial requirements of the budgets so adopted. The District Finance Director and Operator prepare the budget annually and presents it to the District Board for approval each year.

Additional District Information

Additional information about the District can be found by clicking on this link: [2024 Bond Issuance](#).

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds, and with regard to the tax-exempt status of the interest thereon, are subject to approval by and legal opinion of MSBT Law, Chtd., Boise, Idaho as Bond Counsel. See "TAX MATTERS." Certain legal matters will also be passed upon for the District by its General Counsel, Nelson Hall Parry Tucker, PLLC, Idaho Falls, Idaho. MSBT Law, Chtd., Boise, Idaho, as Disclosure Counsel to the District has assisted in the preparation of this Preliminary Official Statement.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to legal issues expressly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of the result indicated by that expression of professional judgment, or of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Pending and Threatened Litigation

In connection with the issuance of the Bonds, General Counsel to the District is expected to render an opinion stating that, to the best of their knowledge and except as otherwise set forth in the Official Statement, no litigation or other proceedings are pending, in any way (a) contesting the existence of the District or any boundary or geographic jurisdiction thereof; (b) affecting the position or title of the authorized officers of the District; (c) contesting or affecting the validity or enforceability of the Bond Resolution; (d) contesting or affecting the validity or enforceability of the Bonds; (e) seeking to restrain or to enjoin the authorization, issuance, sale or delivery of, or security for, the Bonds; (f)

contesting the powers or authority of the District with respect to the Bond Resolution; or (g) materially affecting the finances of the District.

In addition, it is anticipated that, in connection with the issuance of the Bonds, the District will execute a certificate stating that no litigation of any nature is now pending or, to the best of its knowledge, threatened against the District seeking to restrain or to enjoin the issuance or delivery of the Bonds, or the imposition of the Special Assessments to pay the principal or interest on the Bonds, or in any manner questioning the issuance of the Bonds, or affecting the validity of the Bonds; and no litigation of any nature is now pending or, to the best of its knowledge, threatened against the District which, if determined adversely to the District, would have a material adverse effect upon the District's ability to comply with its obligations under the Bond Resolution, or other financing documents, or to consummate the transactions contemplated thereby.

Future Changes in Laws

Various State laws and constitutional provisions apply to the imposition, collection, and expenditure of System revenues and the operation of the District. There is no assurance that there will not be any change in the interpretation of, or additions to applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of revenues.

Limitations on Remedies Available to Bondholders

The enforceability of the rights and remedies of the Owners, and the obligations incurred by the District in issuing the Bonds, are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers granted to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

TAX MATTERS

The following is a summary of the material federal and State of Idaho income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or

other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Idaho, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. For taxable years beginning after 2022, the Code imposes a minimum tax of fifteen percent (15%) on the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three (3) year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Bonds.

Except as otherwise set forth herein, in the opinion of MSBT Law, Chtd., Bond Counsel to the District, under the law currently existing as of the issue date of the Bonds, the interest on the Bonds is excludable from gross income for federal income tax purposes. The interest on the Bonds is excludable from gross income for purposes of income taxation by the State of Idaho. Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

This opinion is provided as of the date of the original issue of the Bonds, subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal or State of Idaho income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax.

Collateral Federal Tax Considerations

Prospective purchasers of the Series 2024 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. The Series 2024 Bonds have not been designated "bank qualified tax-exempt obligations" under Section 265(b)(3) of the

Code. Bond Counsel expresses no opinion concerning such collateral income tax consequences, and prospective purchasers of the Series 2024 Bonds should consult their tax advisors as to the applicability thereof.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2024 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation, as to which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2024 Bonds. Bond Counsel's engagement with respect to the Series 2024 Bonds ends with the issuance of the Series 2024 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Owners regarding the tax-exempt status of the Series 2024 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the issuer and their appointed counsel, including the owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2024 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2024 Bonds, and may cause the District or the owners to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the District may be obligated to disclose the commencement of an audit under the Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" herein.

Original Issue Discount

Certain of the Series 2024 Bonds have been sold at initial public offering prices which are less than the amount payable at maturity (the "Discount Bonds"). The difference between the initial public offering prices to the public (excluding bond houses and brokers) at which price a substantial amount of each maturity of the Discount Bonds is sold and the amount payable at maturity constitutes original issue discount, which will be treated as interest on such Discount Bonds and to the extent properly allocable to particular owners who acquire such Discount Bonds at the initial offering thereof, will be excludable from gross income for federal income tax purposes to the same extent as other interest on the Series 2024 Bonds. As discount is accrued, the purchaser's basis in such Discount Bond is increased by a corresponding amount, resulting in a decrease in the gain (or an increase in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Discount Bond prior to its maturity.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of obligations such as the Discount Bonds. Owners who do not purchase Discount Bonds in the initial offering at the initial offering price at which a substantial amount of

such Discount Bonds were sold should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who may acquire Series 2024 Bonds that are Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount or interest properly accruable with respect to such Series 2024 Bonds, other tax consequences of owning Discount Bonds and the state and local tax consequences of owning Discount Bonds.

Original Issue Premium

Certain of the Series 2024 Bonds have been sold at an initial public offering price which is greater than the amount payable at maturity (the “Premium Bonds”). An amount equal to the excess of the purchase price of the Premium Bonds over their stated redemption prices at maturity constitutes premium on such Series 2024 Bonds. A purchaser of a Premium Bond must amortize any premium over such Series 2024 Bond’s term using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the purchaser’s basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2024 Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2024 Bonds.

CONTINUING DISCLOSURE

The District has covenanted as to the Series 2024 Bonds to file with a central repository for availability in the secondary bond market when requested:

- (1) An annual independent audit, within thirty days of the District’s receipt of the audit; and
- (2) Event specific information within thirty days of an event adversely affecting more than five percent of revenue or the District’s tax base.

Pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), the District will covenant for the benefit of the registered owners and the “Beneficial Owners” (as defined in the Continuing Disclosure Undertaking) of the Series 2024 Bonds, to provide certain financial information and operating data relating to the System (as defined herein) by not later than seven months after the end of each of the District’s fiscal years, commencing with the report for the Fiscal Year ending June 30, 2024 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2024 Bonds, if material. The Annual Report and the notices of such material events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in Appendix G – “FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

As provided in the Continuing Disclosure Agreement, if the District fails to comply with any provision of the Continuing Disclosure Agreement, any registered owner or “Beneficial Owner” of the Series 2024 Bonds may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the District to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement. “Beneficial Owner” is defined in the Continuing Disclosure Agreement to mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2024 Bonds (including persons holding Series 2024 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2024 Bonds for federal income tax purposes. If any person seeks to cause the District to comply with its continuing disclosure obligations under the Continuing Disclosure Agreement, it is the responsibility of such person to demonstrate that it is a “Beneficial Owner” within the meaning of the Continuing Disclosure Agreement.

RATING

S&P is expected to assign a rating of “AA” to the Series 2024 Bonds, with the understanding that, upon delivery the Series 2024 bonds the Policy will be issued by BAM. The Series 2024 Bonds received a rating of “A1” by Moody’s Global Ratings (“Moody’s”). Such rating reflects only the views of Moody’s and an explanation of the significance of such rating may be obtained from Moody’s. The District has furnished to Moody’s certain information and materials respecting the District and the Series 2024 Bonds. Generally, Moody’s bases its rating on such information and materials and on investigations, studies and assumptions furnished to and obtained and made by it. There is no assurance that such rating will remain unchanged for any period of time or that it may not be lowered or withdrawn entirely by Moody’s, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds.

MUNICIPAL ADVISOR

Clearwater Financial has served as Municipal Advisor (the “Municipal Advisor”) to the District with respect to the sale of the Series 2024 Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Series 2024 Bonds is contingent on the issuance and delivery of the Series 2024 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices thereto.

UNDERWRITING

The Series 2024 Bonds have been purchased at a competitive sale for resale by _____ (the “Purchaser”), at a purchase price of \$_____ (representing the par amount of the Series 2024 Bonds plus [net] original issue premium of \$_____). The initial public offering price of the Series 2024 Bonds is stated on the cover hereof. The Purchaser may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) and others at prices lower than the stated initial public offering price. In addition, the initial public offering price may be changed from time to time by the Purchaser without prior notice.

CERTIFICATION

This Official Statement has been duly delivered by the District as of the date shown on the cover page.

EASTERN IDAHO REGIONAL SEWER DISTRICT

By:

Scott Barry, District Manager, Eastern Idaho Regional Sewer District Board

**APPENDIX A GENERAL INFORMATION REGARDING THE
EASTERN IDAHO REGIONAL SEWER DISTRICT
AND THE SURROUNDING AREA**

The Eastern Idaho Regional Sewer District, Idaho (the “District”), currently owns and operates a public wastewater system (the “System” or “Wastewater System”) that serves a large area in Southeast Idaho, to include the cities of Ammon and Shelley and portions of Bingham and Bonneville Counties. The System was originally owned and maintained by the Cities and the Counties pursuant to a Joint Powers Agreement (“JPA”), which was created in 2004 under the organizational title of the Eastern Idaho Regional Wastewater Authority (“Authority”).

The Cities of Ammon and Shelley were authorized to borrow money for critical System improvements while the System was being operated through the Authority. The City of Ammon borrowed \$23,213,934 on April 24, 2013, from the Idaho Department of Environmental Quality (“DEQ”) for critical System improvements and the City of Shelley borrowed \$8,000,000 on September 16, 2011. The current outstanding debt from the City signatories to the JPA that was used for existing System infrastructure to be owned by the District is approximately \$19,055,000 (collectively, the “City Loans”).

Wastewater is conveyed from the Cities of Ammon and Shelley, and portions of Bonneville and Bingham Counties, to the Oxbow Water Reclamation Facility (“WRF”). After treatment, wastewater is discharged to the Snake River under an Idaho Pollutant Discharge Elimination System (“NDPES”) permit administratively extended by the Idaho Department of Environmental Quality (IDEQ). The System also contains several miles of interceptor mains and collection lines, and lift stations. The WRF contains several components to treat wastewater, including headworks, biological treatment, treatment membranes, and an ultraviolet (UV) disinfection system.

In June 2020, the Authority entered into a compliance agreement schedule (“CAS”) with DEQ to address system deficiencies.

The Authority retained the services of J-U-B Engineers, Inc., a professional consulting civil engineering firm (the “Engineer”), to conduct a Report of the System for the purpose of determining the adequacy of the System for present and future needs and to comply with the CAS. The Engineer performed this facility study in 2018 and determined the critical modifications needed to address several deficiencies. Existing deficiencies include lack of redundancy in key processes; incompliance with electrical codes; deterioration and failure of equipment; operational difficulties impacting WRF performance and reliability; and overloaded processes and equipment.

The critical modifications needed to address equipment replacement, redundancy, and code and CAS compliancy for the System are set forth in the Eastern Idaho Regional Wastewater Authority Preliminary Engineering Report, Oxbow WRF Upgrades, dated July 2022 (the “Report”).

On May 17, 2022, the registered voters of the area served by the Authority approved the formation of the Eastern Idaho Regional Sewer District (“District”). The District was formed to take ownership of the System from the Authority and for the District to continue to operate the System for the benefit of the District residents.

As System owner and operator, the District is charged with maintaining safe and reliable wastewater collection and treatment to the District’s residents in a way that does not jeopardize public health.

Retirement Plan

The District is a member of the Public Employee Retirement System of Idaho (PERSI), which It’s a retirement plan designed to provide long-term pension benefits for eligible public employees in the state of Idaho. The Base Plan is a qualified tax-deferred plan under IRS Code Section 401(a), providing retirees with a stable lifetime monthly income to supplement their Social Security benefits and personal savings.

For fiscal year 2024, employees contribute at 7.18% of their salary and employers at 11.96% (including certain death benefit contributions).

The contributions of the District and its employees to PERSI for the last five fiscal years are as follows:

Contributions	FY2019	FY2020	FY2021	FY2022	FY2023
PERSI	\$42,150.03	\$43,535.40	\$41,978.31	\$43,351.05	\$53,433.98

Source: The District

GASB 75

Governmental Accounting Standards Board Statement No. 75 (“GASB 75”) requires the District to recognize a net OPEB (other post-employment benefits) liability and any related deferred outflows and inflows of resources along with a more comprehensive measure of OPEB expense for the District’s OPEB plan on financial statements prepared on the economic resources’ measurement focus and accrual basis of accounting (i.e. the Statement of Net Position) and requires more extensive note disclosures. The District’s OPEB expense for fiscal year 2022 was \$0.00 and the District’s contribution was \$0.00. The District does not have an OPEB liability. Since there is no liability, no reporting is required under GASB 75. OPEB benefits typically include health care, life insurance, and disability and long-term care after an employee has retired. PERSI is handled under different standards and is not part of OPEB.

General Description

The Eastern Idaho Regional Sewer District (EIRSD) is a sewer district that conveys and treats wastewater collected from the cities of Ammon and Shelley and portions of Bonneville and Bingham Counties. EIRSD was originally formed as a joint powers authority in 2004 and transitioned to a sewer district in 2022. EIRSD owns and operates a regional wastewater treatment plant west of Shelley, known as the Oxbow Water Reclamation Facility, and several sewer interceptor mains that convey wastewater to the treatment plant. The collected wastewater is treated at the Oxbow Facility before being discharged to the Snake River.

ECONOMIC CHARACTERISTICS AND DATA

Population

	Census 1970	Census 1980	Census 1990	Census 2000	Census 2010	Census 2020
Bonneville	52,457	65,980	72,207	85,522	104,234	123,964
Bingham	29,167	36,489	37,583	41,735	45,607	47,992

Source: U.S. Bureau of Labor Statistics, Via TidyCensus and blscrapeR. (2024, June). Accessing the Public Data API with R. Retrieved from Data Tools: https://www.bls.gov/developers/api_r.htm.

Unemployment

The monthly unemployment rates for the District for the last 12 months which are available are shown below:

Year	Month	Bonneville Unemployment Rate	Bingham Unemployment Rate
2024	April	2.7	2.9
2024	March	3.3	3.4
2024	February	3.5	3.7
2024	January	3.4	3.9
2023	December	2.4	2.9
2023	November	2.4	2.9
2023	October	2.4	2.7
2023	September	2.4	2.7
2023	August	2.5	3.2
2023	July	2.5	3.5
2023	June	2.5	2.9
2023	May	2.4	2.7
2023	April	2.4	2.6

Note: Not Seasonally Adjusted

Source: U.S. Bureau of Labor Statistics, Via TidyCensus and blscrapeR. (2024, June). Accessing the Public Data API with R. Retrieved from Data Tools: https://www.bls.gov/developers/api_r.htm.

The average annual unemployment rates in the District, the State, and the United States for the years indicated below.

Year	Bonneville Unemployment Rate	Bingham Unemployment Rate	Idaho	National
2024	3.23	3.48	3.64	3.88
2023	2.59	3.07	3.08	3.63
2022	2.46	2.87	2.85	3.65
2021	2.88	3.31	3.57	5.37
2020	4.16	4.04	5.55	8.09
2019	2.37	2.64	2.89	3.67
2018	2.43	2.73	2.88	3.90
2017	2.72	3.01	3.21	4.35
2016	3.09	3.40	3.65	4.87
2015	3.22	3.81	3.89	5.29

Source: U.S. Bureau of Labor Statistics, Via TidyCensus and blscrapeR. (2024, June). Accessing the Public Data API with R. Retrieved from Data Tools: https://www.bls.gov/developers/api_r.htm.

Per Capita Income

The per capita income in the District and the State are as set forth below:

Year	Bonneville	Bingham	State
2018-2022	\$33,008	\$29,421	\$34,919
2013-2017	\$25,706	\$20,720	\$25,471
2008-2012	\$23,306	\$18,892	\$22,581

Source: U.S. Bureau of Labor Statistics, Via TidyCensus and blscrapeR. (2024, June). Accessing the Public Data API with R. Retrieved from Data Tools: https://www.bls.gov/developers/api_r.htm.

Labor Force Estimate

Description	Bonneville Labor Force	Bonneville Employment	Bonneville Unemployment	Bingham Labor Force	Bingham Employment	Bingham Unemployment
2024	66,115	63,983	2,133	23,951	23,119	831
2023	65,279	63,581	1,698	23,849	23,118	731
2022	63,378	61,809	1,569	23,582	22,910	672
2021	61,411	59,648	1,763	22,994	22,235	759
2020	59,122	56,680	2,442	22,634	21,718	916
2019	57,544	56,178	1,366	23,965	23,332	633
2018	55,540	54,196	1,344	23,446	22,806	640
2017	53,920	52,459	1,462	23,189	22,496	693

2016	52,378	50,762	1,615	22,782	22,007	776
2015	51,063	49,414	1,649	22,072	21,234	838

Note: Labor Force is Civilian. Yearly values are averages for available calendar year.

Source: U.S. Bureau of Labor Statistics, Via TidyCensus and blscrapeR. (2024, June). Accessing the Public Data API with R. Retrieved from Data Tools: https://www.bls.gov/developers/api_r.htm

Workers involved in labor disputes are included among the employed. Total employment also includes agricultural workers, proprietors, self-employed persons, workers in private households and unpaid family workers.

**EASTERN IDAHO REGIONAL
SEWER DISTRICT
SHELLEY, IDAHO
ANNUAL FINANCIAL STATEMENTS
and
OTHER SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
Year Ended September 30, 2023**

**EASTERN IDAHO REGIONAL SEWER DISTRICT
ANNUAL FINANCIAL STATEMENTS
For the Year Ended September 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Eastern Idaho Regional Sewer District
Shelley, Idaho**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Eastern Idaho Regional Sewer District, Shelley, Idaho, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Eastern Idaho Regional Sewer District, Shelley, Idaho, as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eastern Idaho Regional Sewer District, Shelley, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Emphasis of Matter

A ballot measure was approved by the voters to form a new sewer district to operate and replace the existing EIRWWA entity. The new entity was formed on August 16, 2022, under the name of Eastern Idaho Regional Sewer District (EIRSD). Refer to note 14 on page 17 for further details.

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 and other required supplementary information listed in the table of contents 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.

Eastern Idaho Regional Sewer District's management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Eastern Idaho Regional Sewer District's basic financial statements. The Budget and Actual schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance thereon.

Other Reporting Required by Government Auditing Standards

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 16, 2024, on our consideration of the Eastern Idaho Regional Sewer District, Shelley, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Searle Hart + Associates PLLC

Idaho Falls, Idaho
January 16, 2024

FINANCIAL SECTION

EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF NET POSITION
September 30, 2023

	Business- type Activities	Total
ASSETS		
Current assets:		
Cash and Investments	\$ 11,623,700	\$ 11,623,700
Assessments receivable	1,614	1,614
Intergovernmental receivable	86,625	86,625
Other receivables	74	74
Other assets	-	-
Inventory - Critical needs parts	111,897	111,897
Prepaid expenses	33,958	33,958
Total current assets	11,857,868	11,857,868
Noncurrent assets:		
Intergovernmental receivable - long-term	-	-
Capital assets		
Land and easements	2,214,976	2,214,976
Construction in progress	2,939,720	2,939,720
Building and grounds	12,961,718	12,961,718
Equipment	8,596,765	8,596,765
Infrastructure	31,916,973	31,916,973
Accumulated depreciation	(21,450,995)	(21,450,995)
Total capital assets	37,179,157	37,179,157
Total noncurrent assets	37,179,157	37,179,157
TOTAL ASSETS	49,037,025	49,037,025
DEFERRED OUTFLOWS		
Deferred outflows - Prepaid Connection	-	-
Deferred outflows - Pension	100,654	100,654
TOTAL DEFERRED OUTFLOWS	100,654	100,654

	Business- type Activities	Total
LIABILITIES		
Current liabilities:		
Accounts payable	212,508	212,508
Prepaid assessments	18,333	18,333
Accrued compensation	33,209	33,209
Notes payable - current portion	56,390	56,390
	<u>320,440</u>	<u>320,440</u>
Total current liabilities		
Noncurrent liabilities:		
Notes payable - net of current portion	494,581	494,581
Net pension liability (Asset)	232,289	232,289
	<u>726,870</u>	<u>726,870</u>
Total noncurrent liabilities		
TOTAL LIABILITIES	<u>1,047,310</u>	<u>1,047,310</u>
DEFERRED INFLOWS		
Deferred inflows - Other	1,115,900	1,115,900
Deferred inflows - Pension	-	-
	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS	<u>1,115,900</u>	<u>1,115,900</u>
NET POSITION		
Net investment in capital assets	36,628,186	36,628,186
Restricted for:		
Capital improvements	-	-
Debt service	56,390	56,390
Other purposes	-	-
Unrestricted	10,289,893	10,289,893
	<u>10,289,893</u>	<u>10,289,893</u>
TOTAL NET POSITION	<u>\$ 46,974,469</u>	<u>\$ 46,974,469</u>

EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended September 30, 2023

OPERATING REVENUES

Assessment charges	\$ 4,643,109
Other revenue	<u>1,007,229</u>
Total operating revenues	<u>5,650,338</u>

OPERATING EXPENSES

Auto expense	11,889
Contract services	175,546
Depreciation expense	1,945,084
Facilities and equipment	965
Insurance	41,667
Office operations	7,866
Payroll expense	460,334
Plant operations	286,157
Repairs and operations	243,298
Travel and meetings	6,843
Utilities	315,925
Other expenses	<u>125,817</u>
Total operating expenses	<u>3,621,391</u>
Income (loss) from operations	<u>2,028,947</u>

NON-OPERATING REVENUES (EXPENSES)

Insurance claim proceeds	-
Interest income	286,429
Interest expense	-
Capital Contributions	-
Gain (loss) on sale of assets	<u>-</u>
Total nonoperating revenue (expenses)	<u>286,429</u>
Change in net position	2,315,376

NET POSITION, OCTOBER 1, 2022

44,659,093

NET POSITION, SEPTEMBER 30, 2023

\$ 46,974,469

EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 5,580,447
Cash payments for goods and services	(1,848,132)
Cash payments to employees	(414,566)
Other operating cash payments	<u>(125,817)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>3,191,932</u>
--	------------------

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

-

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(2,344,798)
Insurance proceeds	-
Payments on long-term debt	<u>9,624</u>

NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,335,174)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>286,429</u>
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>286,429</u>
--	----------------

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,143,187
--	-----------

CASH AND CASH EQUIVALENTS, OCTOBER 1, 2022	<u>10,452,738</u>
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CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2023	<u><u>\$ 11,595,925</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income	\$ 2,028,947
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,945,084
Pension expense associated with net pension liability	35,142
(Increase) decrease in receivables	(83,045)
(increase) decrease in inventory	-
(Increase) decrease in prepaid expenses	(32,219)
Increase (decrease) in payables	(725,757)
Increase (decrease) in accrued expenses	10,626
Increase (decrease) in prepaid assessments	<u>13,154</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 3,191,932</u></u>
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EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF NON-CASH, CAPITAL, AND FINANCING ACTIVITIES
For the Year Ended September 30, 2023

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Redeemed prepaid connection fees	\$ <u>-</u>
Total noncash investing, capital and financing activities	\$ <u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**EASTERN IDAHO REGIONAL SEWER DISTRICT
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023**

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 - G. Cash and Cash Equivalents
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EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

1. SUMMARY OF ACCOUNTING POLICIES

The Eastern Idaho Regional Sewer District is organized through a joint powers agreement and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the District conform to generally accepted accounting principles (GAAP) as applied to governments. A summary of the District's significant accounting principles applied in the preparation of the accompanying financial statements follows:

A. REPORTING ENTITY

The financial statements included herein present the financial position, results of operations, changes in net position and cash flows for the Eastern Idaho Regional Sewer District. The business and property of the District are managed by the Board of Directors who are empowered to sign contracts, documents, checks and other instruments for the payment of money. They also set the budget and establish all fees and assessment charges for the District.

B. BASIS OF ACCOUNTING

Eastern Idaho Regional Sewer District funds are accounted for on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

C. BUDGETS AND BUDGETARY ACCOUNTING

The basic requirements for the budget process are as follows:

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

Subsequent control of the budget following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officials and employees for management purposes. Budgets are adopted on the cash basis of accounting.

D. CAPITAL ASSETS

Capital assets include District owned land, buildings, improvements, and equipment used in the operation of the District. Depreciation is recognized by the District on assets on a straight-line basis with lives ranging from 3 to 50 years. The following limits for capitalization have been established by management: electrical equipment over \$4,000, mechanical equipment over \$20,000, other equipment over \$10,000, buildings, improvements, and land over \$50,000, infrastructure over \$250,000, or other significant assets as determined by management.

E. 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. A liability for unpaid vacation and accrued wages of \$33,209 was recorded as of September 30, 2023.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023**

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

F. ENCUMBRANCE ACCOUNTING

Encumbrance accounting methods were not used in the preparation of the Eastern Idaho Regional Sewer District's financial statements. Uncommitted appropriations lapse at year-end and commitments are reappropriated in next year's budget.

G. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as bank demand deposit accounts, short term liquid certificates of deposit, and short-term investments.

H. REVENUES AND EXPENSES

In proprietary fund accounting, revenues are recognized when earned and expenses are recorded when the related liability is incurred.

The principal revenues of the District are assessment fees. Operating expenses for the District include the costs of maintaining the wastewater treatment system, administration, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

I. DEFERRED OUTFLOWS/DEFERRED INFLOWS

On the Statement of Net Position, there is a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition, there is also a separate financial statement section for deferred inflows. This financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized until that time.

J. 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.

K. 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.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

2. CASH AND INVESTMENTS

Cash deposits and investments by the District as of September 30, 2023, totaled \$11,623,700, of which \$2,324,407 represented demand deposits including cash on hand and \$9,299,293 represented investments.

Deposits

At year end, the carrying amount of the District's deposits in financial institutions was \$2,324,407 and the bank balance was \$2,205,649. The amount not covered by FDIC insurance was \$1,955,649.

Investments

The fair value of the District's investments at year end was \$9,299,293. The amount not covered by SIPC or FDIC insurance was \$8,797,593.

The deposits by the District are not collateralized nor are they required to be by Idaho State statute. The District follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 57-111), and applicable investment rights and restrictions cited by Idaho Code Section, Title 67, 67-1210, 67-1210A, and Idaho Code Section, Title 50, 50-1013.

At year end, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			Rating	Percent
		< 1	1 - 5	> 5		
US Treasury	\$ 9,297,593	\$ 9,297,593	\$ -	\$ -	Aaa	99.9%
Money Market	1,700	1,700	-	-	N/A	.1%
Total Investments	\$ 9,299,293	\$ 9,299,293	\$ -	\$ -		100.0%

The District has a written investment policy addressing credit risk, custodial credit risk, concentration of credit risk and interest risk. The District minimizes credit risk by limiting the investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers, and by diversifying the investment portfolio. The District minimizes custodial credit risk by limiting the investments to financial institutions and broker/dealers who have proof of National Association of Securities Dealers certification, State of Idaho proof of registration, and are willing to provide certification of having read and understood and agree to comply with the District's investment policy.

Concentration of credit risk is limited by diversifying its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution. The District's investment policy reduces interest risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

2. CASH AND INVESTMENTS (Continued)

Fair Value Measurements

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

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

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

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Debt Securities				
US Treasury notes	\$ <u>9,297,593</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,297,593</u>

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

3. CAPITAL ASSETS

The following assets included in buildings, equipment and infrastructure have been entered at historical cost from depreciation records. Changes in capital assets for the year ended September 30, 2023 are as follows:

	Balance 10-01-2022	Additions	Deletions	Balance 09-30-2023
Capital assets, not being depreciated				
Land	\$ 1,975,776	\$ -	\$ -	\$ 1,975,776
Easements	239,200	-	-	239,200
Construction in progress	5,248,518	2,015,672	(4,324,470)	2,939,720
Total capital assets, not being depreciated	7,463,494	2,015,672	(4,324,470)	5,154,696
Capital assets, being depreciated				
Equipment	4,006,004	4,590,761	-	8,596,765
Buildings and improvements	12,898,883	62,835	-	12,961,718
Infrastructure	31,916,973	-	-	31,916,973
Total capital assets, being depreciated	48,821,860	4,653,596	-	53,475,456
Less accumulated depreciation for				
Equipment	(2,247,039)	(550,417)	-	(2,247,039)
Buildings and improvements	(6,609,179)	(518,469)	-	(6,609,179)
Infrastructure	(10,649,693)	(876,198)	-	(10,649,693)
Total accumulated depreciation	(19,505,911)	(1,945,084)	-	(21,450,891)
Total capital assets, being depreciated, net	29,315,949	2,708,512		32,024,461
Total capital assets, net	\$ 36,779,443	\$ 4,724,184	\$ (4,324,470)	\$ 37,179,157

Depreciation expense for the year ended September 30, 2023 was \$1,945,084.

4. PENSION PLAN

Plan Description

The District 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.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023**

4. PENSION PLAN (Continued)

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.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2023, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The District's contributions were \$29,551 for the year ended June 30, 2023.

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

At September 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the District's proportion was .00582081 percent.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

4. PENSION PLAN (Continued)

For the year ended September 30, 2023, the District recognized pension expense/(revenue) of \$64,345. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,816	\$ -
Changes in assumptions or other inputs	23,002	-
Net difference between projected and actual earnings on pension plan investments	21,804	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	9,307	-
District's contributions subsequent to the measurement date	6,725	-
	<hr/>	<hr/>
Total	\$ <u>100,654</u>	\$ <u>-</u>

\$6,725 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023, the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

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

Year ended June 30:

2024	\$ 30,093
2025	14,142
2026	43,992
2027	(3,606)

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.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

4. PENSION PLAN (Continued)

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disable Tables, increased 38%
Disabled Members – Females Pub-2010 Disable Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on the approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

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

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023**

4. PENSION PLAN (Continued)

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$417,782	\$232,289	\$80,684

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.

Payables to the pension plan

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

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

5. LONG-TERM DEBT

Melaleuca, Inc. paid for some of the infrastructure development of the Northern Interceptor section of the District's infrastructure. The District entered into an agreement with Melaleuca, Inc. to reimburse them for \$745,000 of the costs. This is a non interest bearing agreement. These payments are to be collected from 50% of all connection fees the District collects for new connections to the Northern Interceptor section of the infrastructure. As of September 30, 2023, there is a remaining liability balance of \$550,971 payable to Melaleuca, Inc. of which, \$56,390 is due within the next fiscal year.

During the year ended September 30, 2023, the following changes occurred in long-term debt:

	Balance 10-01-2022	Additions	Reductions	Balance 09/30/2023	Amounts due within one year
Compensated absences	\$ 22,583	\$ 10,626	\$ -	\$ 33,209	\$ 33,209
Melaleuca note payable	541,346	9,625	-	550,971	56,390
Net pension liability (Asset)	203,619	28,670	-	232,289	-
Total	\$ 767,548	\$ 48,921	\$ -	\$ 816,469	\$ 89,599

6. RELATED PARTY TRANSACTIONS

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

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of this report.

8. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

9. RISK MANAGEMENT

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

10. LITIGATION AND CONTINGENT LIABILITIES

There are no claims against the District at September 30, 2023 that would expose the District beyond amounts covered by insurance.

11. INVENTORY

Inventory is stated on a cost basis determined by the first-in-first-out (FIFO) method.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2023**

12. NOTE RECEIVABLE

During the 2019 fiscal year, the District made an agreement with the City of Ammon to allow them to pay for connections fees in the amount of \$800,800 from an apartment complex development in four equal annual payments. The first payment of \$200,200 was received in June 2019, the second in October 2019, and the third in October of 2020. The final payment of \$200,200 was paid in the current fiscal year in October 2022.

13. CREATION OF SEWER DISTRICT

On May 17, 2022, a ballot measure was approved to create a new sewer district to take over and replace the existing Eastern Idaho Regional Sewer District (EIRWWA) entity. EIRWWA was organized through a joint powers agreement between the City of Ammon, the City of Shelley, Bingham County, and Bonneville County.

The new sewer district was officially organized with a new board put in place on August 16, 2022. The financial information will be transferred from EIRWWA to the new district, Eastern Idaho Regional Sewer District (EIRSD) along with all assets and liabilities. The new district will have the authority to bond and will transfer and be responsible for the existing debt now held by the cities of Ammon and Shelley. Operations will continue as in the past. Financial records were for the most part kept under EIRWWA through the current fiscal year. The decision was made to audit and report the financial information as EIRWWA up to the end of September 30, 2023, at which time all assets and liabilities will be transferred to the new entity for financial reporting purposes. This decision allows continuity of reporting for trend analysis and future comparison as the operations are ongoing without substantial changes.

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REQUIRED SUPPLEMENTARY INFORMATION

EASTERN IDAHO REGIONAL SEWER DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - BASE PLAN
Last 10 Fiscal Years*

PERSI BASE PLAN					
<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	0.00604140%	79,555	169,219	47.01%	91.38%
2016	0.00601100%	121,852	175,799	69.31%	87.26%
2017	0.00577400%	90,757	179,335	50.61%	90.68%
2018	0.00549570%	81,063	176,816	45.85%	91.69%
2019	0.00529660%	60,459	179,894	33.61%	93.79%
2020	0.00520310%	120,823	185,641	65.08%	88.22%
2021	0.00524704%	(4,144)	195,812	-2.12%	100.36%
2022	0.00516962%	203,619	203,865	99.88%	83.09%
2023	0.00582081%	232,289	257,547	90.19%	83.83%

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

Data reported is measured as of June 30.

EASTERN IDAHO REGIONAL SEWER DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - BASE PLAN
Last 10 Fiscal Years*

PERSI BASE PLAN						
<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	\$ 19,393	\$ 19,393	\$ -	\$ 171,311	11.32%	
2016	\$ 20,684	\$ 20,684	\$ -	\$ 182,716	11.32%	
2017	\$ 20,138	\$ 20,138	\$ -	\$ 177,900	11.32%	
2018	\$ 20,150	\$ 20,150	\$ -	\$ 178,005	11.32%	
2019	\$ 20,759	\$ 20,759	\$ -	\$ 181,117	11.46%	1
2020	\$ 22,720	\$ 22,720	\$ -	\$ 190,282	11.94%	
2021	\$ 23,185	\$ 23,185	\$ -	\$ 194,183	11.94%	
2022	\$ 25,273	\$ 25,273	\$ -	\$ 211,665	11.94%	
2023	\$ 30,403	\$ 30,403	\$ -	\$ 257,770	11.79%	2

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

Data reported is measured as of September 30.

1 Contribution rates increase, effective for payroll periods beginning on or after July 1, 2019.

2 Contribution rates decrease, effective for payroll periods beginning on or after July 1, 2023.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PERSI-BASE PLAN
For the Year Ended September 30, 2023

Methods and Assumptions Used in Calculations of Actuarily Determined Contributions

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

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

* net of investment expenses

OTHER SUPPLEMENTARY INFORMATION

EASTERN IDAHO REGIONAL SEWER DISTRICT
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)
For the Year Ended September 30, 2023

	BUDGETED AMOUNTS		BUDGETARY
	ORIGINAL	FINAL	BASIS
REVENUES			
Fees and fines	\$ -	\$ -	\$ 88
Licenses and permits	-	-	12,600
Intergovernmental	140,000	140,000	1,011,122
Charges for services	1,423,231	1,423,231	4,643,109
Investment earnings	-	-	286,429
Miscellaneous	-	-	11,194
TOTAL REVENUE	1,563,231	1,563,231	5,964,542
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	25,147,231	25,147,231	3,985,467
Health and sanitation	-	-	-
Conservation/economic development	-	-	-
Education	-	-	-
Debt service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	25,147,231	25,147,231	3,985,467
Excess (deficiency) of revenues over expenditures	(23,584,000)	(23,584,000)	1,979,075
Grant revenue (capital contributions)	-	-	-
Gain (Loss) on sale of assets	-	-	-
Net change in fund balances	(23,584,000)	(23,584,000)	1,979,075
Net Position, October 1, 2022	44,659,093	44,659,093	44,659,093
NET POSITION, SEPTEMBER 30, 2023	\$ 21,075,093	\$ 21,075,093	\$ 46,638,168

GAAP DIFFERENCES	GAAP BASIS
\$ -	\$ 88
-	12,600
(27,775)	983,347
-	4,643,109
-	286,429
-	11,194
<u>(27,775)</u>	<u>5,936,767</u>
-	-
-	-
(364,076)	3,621,391
-	-
-	-
-	-
-	-
-	-
-	-
<u>(364,076)</u>	<u>3,621,391</u>
336,301	2,315,376
-	-
-	-
<u>336,301</u>	<u>2,315,376</u>
-	44,659,093
<u>336,301</u>	<u>46,974,469</u>
\$ <u><u>336,301</u></u>	\$ <u><u>46,974,469</u></u>

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2023

1. The budget was adopted on the cash basis of accounting
2. 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.

***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 Board of Directors
Eastern Idaho Regional Sewer District – 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 business-type activities of the Eastern Idaho Regional Sewer District, Shelley, Idaho, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 16, 2024.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Eastern Idaho Regional Sewer District, 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 Eastern Idaho Regional Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eastern Idaho Regional Sewer District'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Searle Hart + Associates PLLC

Idaho Falls, Idaho
January 16, 2024

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

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

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shelley, Idaho, as of September 30, 2023, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Shelley, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 12, 2023, on our consideration of City of Shelley, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Searle Hart + Associates PLLC

Idaho Falls, Idaho
March 12, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

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

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

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

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

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

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

COMPONENT UNITS

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

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

REQUESTS FOR INFORMATION

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

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FINANCIAL SECTION

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

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

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

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

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

General revenues:

Taxes:

Property taxes, levied for general purposes

Assessments for debt service

Franchise taxes

Public service taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Special item - gain (loss) on sale of asset

Special item - capital distributions

Transfers

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

Change in net position

Net Position, October 1, 2022

NET POSITION, SEPTEMBER 30, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. GENERAL

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

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

B. REPORTING ENTITY

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

Discretely Presented Component Units

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

Governmental Fund Types

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

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types – Enterprise Funds

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

Fiduciary Fund Types

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

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

Cash and Investments

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables

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

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

Taxes Receivable

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

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

Capital Assets

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

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

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

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

Deferred Outflows

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term Obligations

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

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

Deferred Inflows

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

Net Position/Fund Balances

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

Nonspendable and Spendable Fund Balances

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Nonspendable and Spendable Fund Balances (Continued)

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

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

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

F. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. REVENUES AND EXPENDITURES/EXPENSES

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

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

I. EXPENDITURE/EXPENSE RECOGNITION

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

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

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

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

J. INTERFUND ACTIVITY AND BALANCES

Government-wide Statements

See note 11 for interfund activity.

Governmental Fund Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. PENSIONS

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. USE OF ESTIMATES

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

2. CASH AND INVESTMENTS

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

Deposits

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

Investments

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

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

Restricted Cash

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

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

2. CASH AND INVESTMENTS (Continued)

Investment Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

Fair Value Measurements

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

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

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

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

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

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

3. PREPAID ERU'S

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

4. CAPITAL ASSETS

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

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

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

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

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

4. CAPITAL ASSETS (Continued)

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

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

4. CAPITAL ASSETS (Continued)

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

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

4. CAPITAL ASSETS (Continued)

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

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

5. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

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

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

5. PENSION PLAN (Continued)

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2023, it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The City's contributions were \$166,551 for the year ended June 30, 2023.

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

At September 30, 2023, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the City's proportion was .0328064 percent.

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

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

\$46,087 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2023, the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

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

5. PENSION PLAN (Continued)

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

Year ended June 30:

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

Actuarial Assumptions

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

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
 General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
 Teachers – Males Pub-2010 Teacher Tables, increased 12%
 Teachers – Females Pub-2010 Teacher Tables, increased 21%
 Fire & Police – Males Pub-2010 Safety Tables, increased 21%
 Fire & Police – Females Pub-2010 Safety Tables, increased 26%
 Disabled Members – Males Pub-2010 Disable Tables, increased 38%
 Disabled Members – Females Pub-2010 Disable Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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

5. PENSION PLAN (Continued)

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on the approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

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

Discount Rate

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

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

5. PENSION PLAN (Continued)

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

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

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

Pension plan fiduciary net position

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

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

Payables to the pension plan

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

6. LITIGATION AND CONTINGENT LIABILITIES

No claims or lawsuits are pending against the City.

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

7. LONG-TERM DEBT

Long-term Obligation Activity:

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

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

Debt Service Requirements:

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

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

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

8. RELATED PARTY TRANSACTIONS

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

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

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

10. RISK MANAGEMENT

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

11. DEFICITS AND INTERFUND TRANSACTIONS

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

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

12. INTERFUND TRANSFERS

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

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

13. SUBSEQUENT EVENTS

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

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

NOTES INDEX

1. Summary of Significant Accounting Policies
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 - 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
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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, 2023

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, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

Governmental Fund Types

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

The Area reports the following major governmental fund:

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

Proprietary Fund Types – Enterprise Funds

The Area does not have any proprietary funds.

Fiduciary Fund Types

The Area does not have any fiduciary funds.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position/Fund Balances

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

Nonspendable and Spendable Fund Balances

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

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

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

H. REVENUE RECOGNITION

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

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

I. EXPENDITURE/EXPENSE RECOGNITION

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. EXPENDITURE/EXPENSE RECOGNITION (Continued)

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

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

J. USE OF ESTIMATES

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

2. CASH AND INVESTMENTS

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

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

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

Deposits

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

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

4. LITIGATION AND CONTINGENT LIABILITIES

No claims or lawsuits are pending against the Area.

5. RELATED PARTY TRANSACTIONS

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

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

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

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

7. RISK MANAGEMENT

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

8. DEFICIT FUND BALANCE

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

9. SUBSEQUENT EVENTS

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Data reported is measured as of June 30.

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

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

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

Data reported is measured as of September 30.

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

Methods and Assumptions Used in Calculations of Actuarily Determined Contributions

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

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

* net of investment expenses

SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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OTHER SUPPLEMENTARY INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Shelley, State of Idaho, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated March 12, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Shelley, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Shelley's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Shelley's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control, as defined above, that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Shelley, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Searle Hart + Associates PLLC

Idaho Falls, Idaho
March 12, 2023

CITY OF AMMON 2023 ANNUAL AUDIT

City of Ammon

Ammon, Idaho

Annual Financial Report

Year Ended September 30, 2022



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City of Ammon
Year Ended September 30, 2022

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City of Ammon

Year Ended September 30, 2022

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Independent Auditor's Report

Honorable Mayor and City Council
City of Ammon
Ammon, Idaho

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Ammon as of September 30, 2022, and respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ammon Urban Renewal Agency, the discretely presented component unit, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ammon Urban Renewal Agency, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Ammon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

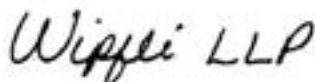
Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ammon's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Wipfli LLP

Idaho Falls, Idaho

February 10, 2023

Management's Discussion and Analysis

City of Ammon

Management's Discussion and Analysis

September 30, 2022

This discussion and analysis of the City of Ammon, Idaho's (the "City's"), financial performance provides an overall review of the City's financial activities for the fiscal year ended September 30, 2022. 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 City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$65,056,351 (net position). Of this amount, \$9,109,011 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$3,346,304 in comparison with the prior year mainly due to payoff of debt and receipt of several grant funds during the year related to ARPA funds that facilitated infrastructure and development within the City.
- At the close of fiscal year 2022, the City's governmental funds reported combined ending fund balances of \$13,763,201, an increase by \$1,059,917 in comparison to the prior year.
- At the end of fiscal year 2022, the unassigned fund balance in the General Fund was \$12,484,426.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplementary and supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business, using the economic resources measurement focus and the accrual basis of accounting.

The *statement of net position* presents information on all of the City's assets including deferred outflows of resources and liabilities including deferred inflows of resources, with the difference between the amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the City.

The *statement of activities* presents information that shows 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 result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused paid time off).

Both of the government-wide financial statements distinguish functions of the City of Ammon 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.)

City of Ammon

Management's Discussion and Analysis

September 30, 2022

The governmental activities of the City include general government, public safety, streets, parks and recreation, buildings, the LIDs, and technology (an internal service fund). The business-type activities of the City include water, wastewater, sanitation, fiber optic, and pressurized irrigation services.

The government-wide financial statements include not only the City of Ammon itself (known as the primary government), but also the legally separate Ammon Urban Renewal Agency for which the City is financially accountable. Financial information of this component unit is reported separately from the financial information presented for the primary government itself. The water, wastewater, sanitation and fiber 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, 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 Ammon 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 on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government'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 City's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City maintains three major individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for major funds, (the General, Streets, and Parks and Recreation). All other non-major governmental funds are combined and presented in one column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City's internal service fund accounts for the technical support for City departments.

The City adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget for the major funds.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements. The City maintains one kind of proprietary fund. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements.

City of Ammon

Management's Discussion and Analysis

September 30, 2022

The proprietary fund financial statements provide separate information for the Water, Wastewater, and Fiber Optic, which are considered to be major funds of the City.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The largest portion of the City's net position is reflected in its investments in capital assets (i.e., land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services. Therefore, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of available debt, it is important to note that under this consideration the resources required to repay this type of debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these types of liabilities.

As previously addressed, net position may serve the purpose over time as a useful indicator of a government's financial position. To that end, the City of Ammon's assets exceeded its liabilities by \$65,056,351 for FY2022.

The following table provides a summary of the City's net position for 2022 compared to 2021:

	2022	2021
Current and other assets	\$ 33,211,543	\$ 36,630,722
Capital assets	63,249,717	59,480,420
Total assets	96,461,260	96,111,142
Deferred outflows of resources	1,523,091	882,948
Total assets and deferred outflows of resources	97,984,351	96,994,090
Current and other liabilities	3,821,073	5,291,147
Long-term liabilities	29,094,275	28,032,341
Total liabilities	32,915,348	33,323,488
Deferred inflows of resources	12,652	1,960,555
Total liabilities and deferred inflows of resources	32,928,000	35,284,043
Net position		
Net investment in capital assets	53,986,928	40,190,511
Restricted	1,960,412	1,202,893
Unrestricted	9,109,011	20,316,643
Total net position	\$ 65,056,351	\$ 61,710,047

City of Ammon

Management's Discussion and Analysis

September 30, 2022

The restricted portion of the City's net position, \$1,960,412, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$9,109,011, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position for the government as a whole, and for 2 of the categories for the business-type activities. In the prior year, the City also reported positive balances in all three categories of net position, for the government as a whole and similarly for 2 of the 3 business-type activities.

The net position of the City, as a whole, increased \$3,346,304 from \$61,710,047 at September 30, 2021, to \$65,056,351 at September 30, 2022. Governmental activities increased \$262,394 over the prior year while business-type activities increased \$3,083,910 over the same period.

Governmental Activities. Governmental activities increased the City's net position by \$262,394. Key elements of this increase are as follows:

- The state revenue sharing allocation changes.
- An increase in charges for services due to new construction and people moving in.
- Receipt of ARPA and other state and federal project grants.

The following table shows the changes in net position for fiscal years 2022 and 2021:

	2021	2022	2021	2022
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities
Revenues:				
Program revenues:				
Charges for services	\$ 2,362,628	\$ 1,982,076	\$ 8,990,868	\$ 10,260,032
Operating grants and contributions	1,434,447	87,654	-	-
Capital grants and contributions	-	-	423,687	3,561,842
General revenues:				
Property taxes	3,166,191	2,332,808	-	-
Intergovernmental revenues	2,609,243	3,990,708	-	-
Unrestricted investment earnings (loss)	-	(236,519)	-	(433,949)
Miscellaneous	631,605	560,976	196,966	-
Transfers	(26,250)	-	26,250	-
Total revenues	10,177,864	8,717,703	\$ 9,637,771	\$ 13,387,925

City of Ammon

Management's Discussion and Analysis

September 30, 2022

	2021 Governmental Activities	2022 Governmental Activities	2021 Business-Type Activities	2022 Business-Type Activities
Expenses:				
General government	1,339,266	1,603,712	-	-
Law enforcement	1,740,839	1,889,452	-	-
Fire protection	1,224,584	129,969	-	-
Planning and zoning	137,506	183,065	-	-
Engineering	131,495	137,695	-	-
Building	487,522	586,571	-	-
Parks	483,621	504,001	-	-
Recreation	165,188	254,492	-	-
Pool	177,880	222,237	-	-
Highway and streets	1,939,458	2,079,020	-	-
Fiber optic LID	1,301,375	865,095	-	-
Capital outlay	41,416	-	-	-
Water	-	-	2,531,389	2,747,548
Wastewater	-	-	2,384,663	6,106,461
Sanitation	-	-	513,787	583,777
Fiber optic	-	-	544,294	866,229
Pressurized irrigation	-	-	4,140	-
Total expenses	9,170,150	8,455,309	5,978,273	10,304,015
Change in net position	\$ 1,007,714	\$ 262,394	\$ 3,659,498	\$ 3,083,910

Business-Type Activities

Business-type operating activities increased the City's net position by \$3,083,910. Key elements of this increase are as follows:

- Continued strength in charges for services and interest earnings (ignoring market adjustments). In addition significant infrastructure grants were received through ARPA funding, which makes up most of the difference between 2021 and 2022.
- Total expenses increased by \$4,325,742 for the year ended September 30, 2022, most due to investments in Pump Station #13 and ARPA infrastructure improvements.

Financial Analysis Of The Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

City of Ammon

Management's Discussion and Analysis

September 30, 2022

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$13,763,201, an increase of \$1,059,917 in comparison with the previous fiscal year. The general fund is the primary operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$12,484,426, which is approximately 97.4% of the total fund balance. The remainder of fund balance is nonspendable, 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 fund balance of the City's General Fund increased by \$938,745 during the current fiscal year. The key factors in this are:

- Revenues decreased by \$1,248,982 which stems from decreased property tax collections and a large decreased in federal grant awards.
- Expenditures decreased, mostly in the general government category.

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

Net position of the Water, Wastewater, Sanitation, Fiber Optic, and Pressurized Irrigation Funds at September 30, 2022, amounted to \$31,620,917. The total increase in net position for the funds including the internal services fund was \$3,083,910. 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's budget is prepared according to Idaho law and is based on accounting for certain transactions on a modified accrual basis of accounting. A budget to actual schedule is provided as required supplementary information for the General Fund and major special revenue funds. The City did not amend the 2021-2022 Governmental Fund budget, but did amend the 2021-2022 budget for the Wastewater fund.

	Budgeted	Expended
General government	\$ 2,104,712	\$ 1,747,108
Enforcement	1,920,512	1,889,452
Fire	-	1,971
Building	568,127	551,110
Parks and recreation	1,208,712	930,668
Sanitation	1,619,528	583,079
Wastewater	5,573,344	5,719,087
Street	6,938,532	1,511,702
Water	4,530,278	2,650,301
Pressurized irrigation	10,000	-
Technology	684,475	626,043
Fiber optic	5,458,540	865,060
Fiber optic LIC	-	1,181,037
Total expenditures	\$ 30,616,760	\$ 18,256,618

City of Ammon

Management's Discussion and Analysis

September 30, 2022

The General Government category includes transfers but excludes the budgetary expense category for interest transferred to the various funds based on the cash allocation of those funds as this is reflected in revenues. The budgeted amounts include capital items in the proprietary funds, which are recognized as increases to assets for presentation purposes. The expended funds are less than the budgetary funds in the Fiber Optic Department because infrastructure and other expenditures related to the Fiber Optic LIDs are budgeted to be spent in the fiber department who oversees the LIDs. The Parks Department did not expend a portion of what was budgeted to them, choosing instead to wait on certain expenditures, thus they underspent compared with their budget.

The Street department came in less than budget as part of a budget tool to save for future infrastructure, and because a \$5.3 million grant was anticipated for road expansion, but was not awarded until the next fiscal year.

Budgets for the business-type activity are created on the same basis as the governmental funds, meaning items like principal repayments of debt and capital outlays are budgeted as expenditures in the year they are anticipated to be paid or purchased. This allows the City to set a better expectation of anticipated cash needs.

Capital Asset And Long-Term Debt Activity

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$63,249,717 (net of accumulated depreciation and amortization.) Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment, and when applicable, construction in process. Under the new GASB 87 standard, right of use assets, such as leased equipment, have been presented separately, but is included in total capital assets.

Additional information about the City's capital assets can be found in Note 3 of the financial statements.

Major capital transactions/events during the year were:

- The City is working on its fifth Local Improvement District (LID) which will pass some 1,200 homes and add over 600 participants to the network. LID # 5 includes north Centennial subdivision, Briar Creek, north Tie Breaker, Georgia to Sunnyside, and Rawson. Over half of the City now has access to the municipal fiber system. There are 1,645 homes and businesses connected on the fiber. Residents have four internet providers they can choose from on the portal. The overall rates, including installation, are some of the lowest in the nation, the quality/service is superior, and the future possibilities are endless.
- The City of Ammon had several successful events, the Icy Inferno (bonfire to burn donated used Christmas trees), Freezin for a Reason (Polar plunge fund raiser for the pool), 4th of July fireworks, Movies in the Park, Ammon Days, Mayor's Community Service Awards, Pumpkin Walk, and the Winter Lightapalooza (the Winter Light Parade and McCowin Park lighting). The City of Ammon has continued to grow, and we have added staff, needing us to start a design for a City Hall addition and remodel. We are hopeful for construction in 2023. Ammon has started leasing vehicles, previously we primarily purchased vehicles. Ammon received American Rescue Plan Act of 2021 funds to assist with the water pump station # 13, fiber connectivity, and wastewater plant improvements. Ammon purchases street right of ways and water rights as they become available.

City of Ammon

Management's Discussion and Analysis

September 30, 2022

- The Ammon Urban Renewal Agency paid off the original 1994 bond that launched growth along Hitt Rd. The Urban Renewal Agency 1st Street District received their first tax increment payment on the 1st Street District and secured two Owner Participation Agreements for new projects that will create jobs, investment, and increased tax base.
- This was the first year to contract parks maintenance services to a private company. We hired a new Parks and Recreation Director, Josh Embrey. Staff conducted a 100% online tree inventory for City owned/maintained trees reflecting biodiversity and overall management needs. The Ammon Little League has continued to grow and expand. We initiated the Adult Co-Ed Kickball as a new community program opportunity. Ammon Days was exciting with a hot air balloon night glow event. The hot air balloons flew away Sunday morning.
- In May 2022 residents voted to transition the Eastern Idaho Regional Wastewater Authority (EIRWWA) to the Eastern Idaho Regional Sewer District (EIRSD). Becoming a sewer district was very important to the City of Ammon because a district is eligible for grants and loans, whereas an authority is not. Ammon will now have greater representation on the board, and all who are serviced by the district will be treated the same.
- Water Meter Installation Project. Finished installation of all residential meters in the City of Ammon.
- In 2022, the City annexed approximately 250 acres of primarily residential property. One of the parcels annexed is along Lincoln Road that will enable further commercial annexations north of Lincoln Road. We adopted a new Multi-Family ordinance that more effectively regulates the location and intensity of multi-family developments. The Planning and Zoning Department processed 51 applications that included commercial site plans, annexations, preliminary and final plats, and rezones. 165 residential site plans were reviewed as part of the building permit process.
- Community Recycling. Distributed ten more community recycle bins to keep up with the cardboard recycling demand in Ammon.

Debt Administration

At September 30, 2022, the City had \$26,259,825 in long term debt which consisted of general obligation bonds, notes payable, and financed purchases via lease agreements. Amounts due next year on these obligations are \$1,522,168. See Note 6 for details of debt.

Economic Factors and Next Year's Budget and Rates

One of the City's main concerns is the higher than normal inflation rate. The City wants to make sure Ammon can provide quality services at a reasonable rate, and that residents can afford their daily expenses. Fuel, construction, and used vehicle price increases are not sustainable. Home values in Ammon have continued to increase at a higher than normal rate. Due to inflation, interest rates increased multiple times in 2022 and this is affecting construction. Ammon used America Rescue Plan Act (ARPA) funds for water, wastewater, and fiber projects.

COVID-19 has had some variants that have impacted schools, businesses, and residents. Social distancing and sanitizing have normalized. The politics at the federal level are definitely having an impact on the local level. For fiscal year 2022 there were minimal rate changes, and we are trying to get capital projects done before prices increase too much further.

City of Ammon

Management's Discussion and Analysis

September 30, 2022

COMPONENT UNITS

- The financial statements include the Ammon Urban Renewal Agency, a component unit of the City. The financial statements for the Agency are available at the City office.
- There are ten Lighting Districts throughout the City, they are:
 - # 1 Hawkes Landing
 - # 2 Bridgewater Divisions # 3 and 4
 - # 3 Woodland Hills Divisions # 8 and Successive
 - # 4 Highland Springs
 - # 5 1st Street Community
 - # 6 Granite Creek
 - # 7 Bridgewater Divisions # 5 and 6 and successive divisions
 - # 8 Mountain Bend Estates
 - # 9 Olsen Park
 - # 10 Hawks Landing Division 2

The Lighting Districts have minimal activity, each district pays for the lighting services for their individual neighborhoods and therefore the City has elected not to include them in the financial statements.

Requests For Information

This financial report is designed to provide our citizens, taxpayers, customers, and potential creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jennifer Belfield, Finance Director, City of Ammon, 2135 South Ammon Road, Ammon, ID 83406.

City of Ammon

Statement of Net Position

Year Ended September 30, 2022	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and Investments	\$ 15,874,399	\$ 13,076,938	\$ 28,951,337	\$ 168,372
Receivables				
Property taxes	65,500	-	65,500	-
Intergovernmental	782,767	-	782,767	-
Accounts receivable	-	1,195,355	1,195,355	-
Other	2,184,907	-	2,184,907	831,218
Internal balances	199,889	(199,889)	-	-
Prepaid expenses	31,677	-	31,677	-
Capital assets				
Nondepreciable assets	2,059,638	6,867,386	8,927,024	-
Depreciable assets, net	17,985,252	36,281,984	54,267,236	-
Right of use asset, net	2,481	52,976	55,457	-
Total assets	39,186,510	57,274,750	96,461,260	999,590
Deferred outflow of resources				
Related to pensions	992,917	530,174	1,523,091	-
Liabilities				
Current liabilities				
Accounts Payable	2,911,498	-	2,911,498	667
Accrued salaries and benefits	131,858	82,823	214,681	-
Deposits payable	9,986	-	9,986	-
Compensated absences	80,468	-	80,468	-
Customer deposits	-	118,980	118,980	-
Grants received in advance	23,250	38,158	61,408	-
Accrued interest	87,966	336,086	424,052	-
Noncurrent liabilities				
Pension Liability	1,902,357	932,093	2,834,450	-
Due within one year	129,428	1,392,740	1,522,168	-
Due in more than one year	1,688,404	23,049,253	24,737,657	3,956,418
Total liabilities	\$ 6,965,215	\$ 25,950,133	\$ 32,915,348	\$ 3,957,085
Deferred inflow of resources				
Related to pensions	8,489	4,163	12,652	-
Net position				
Net investment in capital assets	18,229,539	35,757,389	53,986,928	-
Restricted				
East Hills	16,298	-	16,298	-
Development commitments	852,341	-	852,341	-
Unspent grants	23,250	-	23,250	-
Debt services	-	1,068,523	1,068,523	2
Unrestricted	14,084,295	(4,975,284)	9,109,011	(2,957,497)
Total net position	\$ 33,205,723	\$ 31,850,628	\$ 65,056,351	\$ (2,957,495)

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Activities

Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit
Governmental activities								
General government	\$ 1,603,712	\$ 64,007	\$ 24,250	\$ -	\$ (1,515,455)	\$ -	\$ (1,515,455)	\$ -
Law enforcement	1,889,452	9,972	-	-	(1,879,480)	-	(1,879,480)	-
Fire protection	129,969	32,535	-	-	(97,434)	-	(97,434)	-
Planning & zoning	183,065	552,838	-	-	369,773	-	369,773	-
Engineering	137,695	4,000	-	-	(133,695)	-	(133,695)	-
Buildings	586,571	823,321	-	-	236,750	-	236,750	-
Parks	504,001	8,845	63,404	-	(431,752)	-	(431,752)	-
Recreation	254,492	86,197	-	-	(168,295)	-	(168,295)	-
Pool	222,237	130,220	-	-	(92,017)	-	(92,017)	-
Highway and streets	2,079,020	-	-	-	(2,079,020)	-	(2,079,020)	-
Fiber optic LID	865,095	270,141	-	-	(594,954)	-	(594,954)	-
Total governmental activities	8,455,309	1,982,076	87,654	-	(6,385,579)	-	(6,385,579)	-
Business-type activities								
Water Funds	2,747,548	4,667,610	-	1,000,000	-	2,920,062	2,920,062	-
Wastewater Funds	6,106,461	4,065,043	-	1,600,000	-	(441,418)	(441,418)	-
Sanitation	583,777	716,893	-	-	-	133,116	133,116	-
Fiber optic	866,229	802,498	-	961,842	-	898,111	898,111	-
Pressurized irrigation	-	7,988	-	-	-	7,988	7,988	-
Total business-type activities	10,304,015	10,260,032	-	3,561,842	-	3,517,859	3,517,859	-
Total primary government	18,759,324	12,242,108	87,654	3,561,842	(6,385,579)	3,517,859	(2,867,720)	-
Total component unit	105,624	-	-	-	-	-	-	(105,624)

General revenue and transfers

Property taxes	2,332,808	-	2,332,808	247,441
Franchise fees	463,860	-	463,860	-
Intergovernmental	3,990,708	-	3,990,708	-
Other revenue	97,116	-	97,116	-
Investment earnings	(236,519)	(433,949)	(670,468)	1
Total general revenue	6,647,973	(433,949)	6,214,024	247,442
Change in net position	262,394	3,083,910	3,346,304	141,818
Net position, beginning	32,943,329	28,766,718	61,710,047	(3,099,313)
Net position, ending	\$ 33,205,723	\$ 31,850,628	\$ 65,056,351	\$ (2,957,495)

The accompanying notes are integral to this financial statement

City of Ammon

Balance Sheet - Governmental Funds

<i>September 30, 2022</i>	General	Street	Parks and Recreation	Nonmajor	Total
Assets					
Cash and investments	11,854,844	2,462,801	283,910	989,909	15,591,464
Receivables					
Property taxes	65,500	-	-	-	65,500
Intergovernmental	565,506	217,261	-	-	782,767
Interfund	2,427,928	-	-	-	2,427,928
Other	78,057	34,110	1,446	2,071,294	2,184,907
Prepaid Expenses	31,677	-	-	-	31,677
Total assets	\$ 15,023,512	\$ 2,714,172	\$ 285,356	\$ 3,061,203	\$ 21,084,243
Liabilities					
Accounts payable	2,068,843	842,655	-	-	2,911,498
Accrued salaries and benefits	58,028	8,042	8,666	27,555	102,291
Accrued interest payable	-	-	-	61,009	61,009
Deposits payable	300	-	-	9,686	9,986
Interfund payable	-	-	-	1,998,328	1,998,328
Total liabilities	2,127,171	850,697	8,666	2,096,578	5,083,112
Deferred inflow of resources					
Unavailable revenues	80,982	-	250,000	1,906,948	2,237,930
Fund balances					
Nonspendable					
Interfund loans	4,927	-	-	-	4,927
Prepaid expenses	31,677	-	-	-	31,677
Restricted for					
East Hills	16,298	-	-	-	16,298
Development commitments	-	842,655	-	9,686	852,341
Committed for					
Street projects	-	1,020,820	-	-	1,020,820
Fire department	278,031	-	-	-	278,031
Other	-	-	26,690	931,153	957,843
Unassigned	12,484,426	-	-	(1,883,162)	10,601,264
Total fund balances	12,815,359	1,863,475	26,690	(942,323)	13,763,201
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,023,512	\$ 2,714,172	\$ 285,356	\$ 3,061,203	\$ 21,084,243

The accompanying notes are integral to this financial statement

City of Ammon

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

September 30, 2022

Total fund balances - governmental funds	13,763,201
Amounts reported for governmental activities in the statement of net position are different due to the following items:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Included in this amount are right-to-use assets for leased capital items.	19,892,889
Property taxes receivable and LID assessments will be collected but are not available soon enough to pay for the current period's expenditures, and therefore are shown as unavailable in the funds.	2,214,680
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(80,468)
Accrued interest	(26,957)
Lease liability	(2,492)
Notes payable	(1,790,853)
Premium on note payable	(24,487)
	(1,925,257)
The net pension liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position: Net pension liability is \$1,902,357, deferred inflows of resources related to pensions is \$8,489, and deferred outflows of resources related to pensions is \$992,917.	(917,929)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	178,139
Net position - governmental activities, per statement of net position	\$ 33,205,723

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Revenues, Expenditures and Changes In Fund Balance - Governmental Funds

<i>Year Ended September 30, 2022</i>	General	Street	Parks and Recreation	Nonmajor Gov'tals	Total
Revenues					
Property Taxes	\$ 2,370,395	\$ -	\$ -	\$ -	2,370,395
Franchise fees	157,849	306,011	-	-	463,860
Licenses and Permits	106,514	-	-	823,321	929,835
Intergovernmental revenue	2,707,654	1,283,054	-	-	3,990,708
Penalty and charges	(5)	-	-	-	(5)
Planning	82,429	449,414	25,000	387,817	944,660
Recreation Fees	-	-	216,417	-	216,417
Earnings on Investment	(244,677)	(51,360)	-	59,518	(236,519)
Grants and donations	24,250	-	-	-	24,250
Miscellaneous revenues	79,628	14,630	74,223	884	169,365
Total revenues	5,284,037	2,001,749	315,640	1,271,540	8,872,966
Expenditures					
General government	1,426,348	-	-	-	1,426,348
Law enforcement	1,889,452	-	-	-	1,889,452
Fire protection	1,971	-	-	-	1,971
Planning & zoning	183,065	-	-	-	183,065
Engineering	137,695	-	-	-	137,695
Building	-	-	-	551,110	551,110
Parks	-	-	453,939	-	453,939
Recreation	-	-	254,492	-	254,492
Pool	-	-	222,237	-	222,237
Highways and streets	-	1,511,702	-	-	1,511,702
Fiber optic LID	-	-	-	1,181,037	1,181,037
Total expenditures	3,638,531	1,511,702	930,668	1,732,147	7,813,048
Revenues over (under) expenditures	1,645,506	490,047	(615,028)	(460,607)	1,059,918
Other financing sources (uses)					
Transfers Out	(706,761)	-	706,761	-	-
Total other financing sources (uses)	(706,761)	-	706,761	-	-
Net change in fund balance	938,745	490,046	91,733	(460,607)	1,059,917
Fund balances, beginning of year	11,876,614	1,373,429	(65,043)	(481,716)	12,703,284
Fund balances, end of year	\$ 12,815,359	\$ 1,863,475	\$ 26,690	\$ (942,323)	\$ 13,763,201

The accompanying notes are integral to this financial statement

City of Ammon

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities

September 30, 2022

Net change in fund balances - governmental funds		1,059,917
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Under GASB 87, leased capital assets are included as right-of-use assets and the costs are allocated over the remaining life of the lease as amortization expense. In the current period, these amounts are:		
Capital outlay, including right of use assets	730,907	
Depreciation and amortization expense	<u>(1,459,113)</u>	(728,206)
Because some property taxes and LID assessments will not be collected until after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.		
		(155,263)
Compensated absences are expended as used in the governmental funds. However, they are expensed as earned on the statement of activities.		
		(7,497)
Governmental funds report lease agreements as expenditures when paid while the Statement of Activities reports these as liabilities when incurred, and expenses as amortized over the life of the lease according to GASB 87 standards. See also note 7. This is the amount of amortization on lease and lease-like purchases for the year.		
		6,621
The pension benefits are reported in the governmental funds when paid but in the Statement of Activities when earned. The change in the pension liability (asset) is \$1,861,675. The change in deferred outflows of resources related to pensions is \$429,535. The change in deferred inflows of resources related to pensions is \$(1,292,927).		
		(220,577)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long term liabilities. This is the amount by which proceeds exceed repayments.		
		315,942
Internal service funds are used by the City to charge the costs of certain activities to the individual funds. The net revenue of internal service funds applicable to governmental activities is reported with governmental activities.		
		(8,543)
Change in net position of governmental activities	\$	262,394

The accompanying notes are integral to this financial statement

City of Ammon, Idaho
Statement of Net Position
Proprietary Funds

<i>As of September 30, 2022</i>	Business-Type Activities					Governmental Activities
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds	Total	Internal Service Funds
Assets						
Current assets						
Investments	\$ 1,507,368	\$ 8,115,019	\$ 383,624	\$ 3,070,927	\$ 13,076,938	\$ 282,935
Accounts Receivable	776,851	340,952	33,960	43,592	1,195,355	-
Total current assets	2,284,219	8,455,971	417,584	3,114,519	14,272,293	282,935
Capital assets						
Nondepreciable assets	5,682,333	1,147,696	-	37,357	6,867,386	-
Depreciable assets, net	23,962,701	8,705,820	3,198,644	414,819	36,281,984	154,482
Right of use asset, net	33,129	17,366	-	2,481	52,976	-
Total capital assets	29,678,163	9,870,882	3,198,644	454,657	43,202,346	154,482
Total assets	31,962,382	18,326,853	3,616,228	3,569,176	57,474,639	437,417
Deferred outflow of resources						
Related to pensions	185,696	96,902	163,399	84,177	530,174	-
Liabilities and net position						
Current						
Accrued salaries and benefits	37,095	16,228	13,057	16,443	82,823	29,567
Accrued interest payable	38,768	297,315	-	3	336,086	-
Deposits payable	110,920	1,560	-	6,500	118,980	-
Grants received in advance	-	-	38,158	-	38,158	-
Lease liability - current	14,134	7,409	-	1,058	22,601	-
Notes payable - current	781,674	588,465	-	-	1,370,139	-
Total current	982,591	910,977	51,215	24,004	1,968,787	29,567
Noncurrent						
Pension liability	325,889	138,649	365,528	102,027	932,093	-
Interfund payable	-	-	429,600	-	429,600	-
Lease liability	19,144	10,035	-	1,434	30,613	-
Long-term debt	6,605,373	16,413,267	-	-	23,018,640	-
Total noncurrent	6,950,406	16,561,951	795,128	103,461	24,410,946	-
Total liabilities	\$ 7,932,997	\$ 17,472,928	\$ 846,343	\$ 127,465	\$ 26,379,733	\$ 29,567

City of Ammon, Idaho
Statement of Net Position
Proprietary Funds (Continued)

<i>As of September 30, 2022</i>	Business-Type Activities				Total	Governmental Activities
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds		Internal Service Funds
Deferred inflow of resources						
Related to pensions	1,456	621	1,631	455	4,163	-
Net position						
Net investment in capital assets	22,257,838	9,848,742	3,198,644	452,165	35,757,389	154,482
Restricted	-	1,068,523	-	-	1,068,523	-
Assigned	863,504	-	-	3,000	866,504	-
Unrestricted	1,092,283	(9,967,059)	(266,991)	3,070,268	(6,071,499)	253,368
Total net position	\$ 24,213,625	\$ 950,206	\$ 2,931,653	\$ 3,525,433	\$ 31,620,917	\$ 407,850
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					229,711	
Net position of business-type activities					\$ 31,850,628	

The accompanying notes are integral to this financial statement

City of Ammon

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended September 30, 2022	Business-Type Activities					Governmental Activities
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds	Total	Internal Service Funds
Operating revenues						
Charges for Services	\$ 3,731,573	\$ 3,636,174	\$ 780,153	\$ 715,431	\$ 8,863,331	\$ 624,475
Connection Fees	843,748	420,729	-	-	1,264,477	-
Penalties	34,922	-	307	-	35,229	-
Miscellaneous	57,367	8,140	22,038	9,450	96,995	1,000
Total operating revenues	4,667,610	4,065,043	802,498	724,881	10,260,032	625,475
Operating expenses						
Power	310,079	15,732	-	-	325,811	-
Treatment	-	970,605	-	-	970,605	-
Operations and Maintenance	867,729	3,994,390	423,352	219,478	5,504,949	268,272
Salaries and Benefits	568,353	372,954	233,156	255,256	1,429,719	316,263
Depreciation	904,140	365,406	208,552	108,345	1,586,443	41,508
Total operating expenses	2,650,301	5,719,087	865,060	583,079	9,817,527	626,043
Income (loss) from Operations	2,017,309	(1,654,044)	(62,562)	141,802	442,505	(568)
Non-operating revenues (expenses)						
Grants and Awards	1,000,000	1,600,000	961,842	-	3,561,842	-
Earnings on Investments	(60,378)	(276,084)	(16,363)	(81,124)	(433,949)	(13,907)
Interest Expense	(94,793)	(385,738)	-	(29)	(480,560)	-
Total non-operating revenues (expenses)	844,829	938,178	945,479	(81,153)	2,647,333	(13,907)
Increase in net position	2,862,138	(715,866)	882,917	60,649	3,089,838	(14,475)
Net position, beginning of year	21,351,487	597,549	2,048,736	3,464,784	27,462,556	422,325
Net position, end of year	\$24,213,625	\$ (118,317)	\$ 2,931,653	\$ 3,525,433	\$ 30,552,394	\$ 407,850
Change in net position - enterprise funds					3,089,838	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(5,928)	
Change in net position of business-type activities					\$ 3,083,910	

The accompanying notes are integral to this financial statement

City of Ammon

Statements of Cash Flows - Proprietary Funds

Year Ended September 30, 2022	Business-type Activities				Totals	Governmental Activities
	Water Funds	Wastewater Funds	Fiber Optic Funds	Nonmajor Funds		Internal Service Funds
Cash flows from operating activities						
Cash received from customers	\$ 4,570,165	\$ 4,109,438	\$ 908,920	\$ 726,539	\$ 10,315,062	\$ 625,475
Cash payments to suppliers for goods and services	(1,177,808)	(5,180,927)	(423,352)	(219,478)	(7,001,565)	(268,272)
Cash payments to employees for services provided	(534,889)	(369,548)	(213,067)	(246,121)	(1,363,625)	(319,398)
Net cash from operating activities	\$ 2,857,468	\$ (1,441,037)	\$ 272,501	\$ 260,940	\$ 1,949,872	\$ 37,805
Cash flows from non-capital financing activities						
Proceeds (payments) on interfund loans	-	-	(41,800)	-	(41,800)	-
Net cash from non-capital financing activities	-	-	(41,800)	-	(41,800)	-
Cash flows from capital and related financing activities						
Receipt of non-operating grant funding	500,000	800,000	500,000	-	1,800,000	-
Purchase of property, plant, and equipment	(3,730,044)	(1,171,356)	(1,087,213)	(49,905)	(6,038,518)	(30,234)
Interest paid on long-term debt	(96,894)	(340,612)	-	(26)	(437,532)	-
Payments on long-term debt	(767,687)	(738,874)	-	-	(1,506,561)	-
Net cash from capital and related financing activities	(4,094,625)	(1,450,842)	(587,213)	(49,931)	(6,182,611)	(30,234)
Cash flows from investing activities						
Sale (purchase) of investments	1,297,535	3,167,963	372,875	(129,885)	4,708,488	6,336
Interest income	(60,378)	(276,084)	(16,363)	(81,124)	(433,949)	(13,907)
Net cash from investing activities	1,237,157	2,891,879	356,512	(211,009)	4,274,539	(7,571)
Net change in cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-	-	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are integral to this financial statement

City of Ammon

Statements of Cash Flows - Proprietary Funds (Continued)

Year Ended September 30, 2022	Business-type Activities				Governmental Activities	
	Water Funds	Wastewater Funds	Fiber Optic	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 2,017,309	\$ (1,654,044)	\$ (62,562)	\$ 141,802	\$ 442,505	\$ (568)
Adjustment to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation	904,140	365,406	208,552	108,345	1,586,443	41,508
Decrease (increase) in accounts receivable	(96,070)	43,285	12,737	(1,602)	(41,650)	-
Decrease (increase) in inventory	-	-	93,685	-	93,685	-
Increase (decrease) in accrued salaries and benefits	431	(4,024)	(15,877)	(1,548)	(21,018)	(3,135)
Increase (decrease) in connection payable	-	(200,200)	-	-	(200,200)	-
Increase (decrease) in deposits payable	(1,375)	1,110	-	3,260	2,995	-
Increase (decrease) in GASB 68 items	33,033	7,430	35,966	10,683	87,112	-
Net cash (used) by operating activities	\$ 2,857,468	\$ (1,441,037)	\$ 272,501	\$ 260,940	\$ 1,949,872	\$ 37,805

Supplemental Schedule of Noncash Investing and Financing Activities

During 2022, the City financed the purchase of capital equipment through a lease liability. This amount was split between the water, street, and wastewater funds for a total purchase price of \$71,301.

The accompanying notes are integral to this financial statement

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

The financial statements of the City of Ammon (the "City") have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

Reporting Entity

The City is a municipal corporation governed by an elected Mayor and 6-member City Council which together possess the final decision-making authority and is held primarily accountable for those decisions. The City Council is responsible for approving the budget, establishing spending limitations, funding and deficits, and borrowing funds and/or issuing bonds to finance construction.

Discretely Presented Component Unit. In conformity with generally accepted accounting principles, the basic financial statements of Ammon Urban Renewal Agency have been included in the financial reporting entity as a discretely presented component unit, emphasizing their nature as a legally separate entity from the City. It is presented as a separate column within the basic financial statements.

Ammon Urban Renewal Agency (the Agency). This component unit has a board, which is appointed by the Mayor of the City with the advice and consent of the Ammon City Council. The Ammon Urban Renewal Agency rehabilitates deteriorating or deteriorated areas. It has a fiscal year end of September 30. For financial reporting purposes, the City of Ammon, Idaho, combines the general maintenance and operating accounts of the Agency with all other funds which the management of the City has oversight responsibility and the governing authority to significantly influence operations. A copy of the Agency audit may be obtained at the City office.

There are no other boards, councils, or component units for which the City of Ammon exercises authority.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all nonfiduciary activities of the City. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The statement of net position presents the reporting entity's assets and liabilities, with the difference reported as net position (net investment in capital assets; restricted net position; or unrestricted net position). Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt. Restricted net position results when constraints placed on net position use are imposed by third parties through constitutional provisions or enabling legislation.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 items not included among program revenues are reported as general revenues.

The City applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Fund Financial Statements

The fund statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

Governmental Fund Types

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The City reports the following major governmental funds:

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Street Funds – These funds are used to account for funds received and expended for the construction and renovation of thoroughfares, arterial streets, and other improvements in the City.

Parks & Recreation Funds – These funds are used to account for funds received and expended for the City parks and other recreational facilities of the City.

The City has six nonmajor governmental funds. These include the Building Fund, and Fiber Local Improvement Districts #1, #2, #3, #4, and #5.

Proprietary Fund Types

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position. The City reports the following major proprietary funds:

Water Fund – This fund accounts for the provision of water services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the water system, and billing and collection activities.

Wastewater Fund – This fund accounts for the provision of wastewater services to the residents of the City. Activities of the fund include administration, operations, and maintenance of the wastewater system, administration of the debt related to providing wastewater services, and billing and collection activities.

Fiber Optic Fund – This fund accounts for the operations of the City's fiber optic system. All costs will be financed through charges to fiber optic customers.

The City has 2 nonmajor proprietary funds. These include the Sanitation Fund and the Pressurized Irrigation Fund.

Sanitation Fund – This fund accounts for the operations of solid waste collection and disposal services. All costs are financed through charges to sanitation customers.

Pressurized Irrigation Fund – This fund accounts for the operations of pressurized irrigation fund. All costs are financed through charges to pressurized irrigation customers.

Additionally, the City reports the following fund type:

Internal service funds account for data processing provided to other departments of the City on a cost reimbursement basis.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and interfund payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financials statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all imposed nonexchange revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Control

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General, Special Revenue, and Proprietary Funds. All annual appropriations lapse at fiscal year end. The department heads submit the budget to the City Council and a public hearing is held prior to adoption of the budget. Prior to October 1, the budget is enacted through passage of an appropriation ordinance. The budget includes the General, Special Revenue, and Enterprise Funds. The level of control (level at which expenditures should not exceed budget) is the fund. The legal level of control is the appropriation ordinance.

Encumbrances represent commitments related to unperformed contracts for goods or services. The City did not have any encumbrances at September 30, 2022.

The General and Street Fund statements of revenues, expenditures, and changes in fund balance present a comparison of budgetary data to actual results. These reports utilize the same basis of accounting for both budgetary purposes and actual results.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Investments

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash also includes amounts held in the local government investment pool and money market accounts. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. Investments of the primary government consist of certificates of deposits with original maturities of greater than three months, government agency bonds, corporate bonds, and amounts held in the state's diversified bond fund.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include:

Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. Prepaid items represent payments made by the City for which benefits extend beyond September 30, 2022. The costs of inventory are expensed when used. Prepaid items are recorded as expenditures when the cost is incurred.

Receivables

Property taxes are recognized as revenue in the period for which the taxes are levied. The tax levy is used to finance operations of the City's fiscal year ended September 30, 2022. All property taxes are considered due as of the second Monday in January and are levied on the second Monday in September. Taxes are payable in two installments on December 20 and June 20 of the following year. All taxes collected within 60 days of September 30, 2022, are considered available to pay current liabilities. Amounts not collected are deferred and recognized when they become available to the City.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables (Continued)

The City's Water, Wastewater, Sanitation, and Fiber Funds' accounts receivable are reported at their gross amount. The City estimates that the amount of uncollectible accounts would not be significant to the outstanding balance, therefore no amounts have been accrued for bad debt.

Other receivables in the governmental and proprietary funds are also recorded at gross. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Capital Assets and Right of Use Assets

Purchased or constructed capital assets, including property, plant, equipment, and infrastructure (roads, bridges, and similar items) are reported at cost or estimated historical cost in the government-wide financial statements. The City defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year.

Donated capital assets are recorded at estimated acquisition value at the date of donation. Renewals and betterments are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. There were no donations received for the year ended September 30, 2022.

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Expenditures in the governmental funds for equipment, vehicles, real property acquisitions, improvements, and infrastructure are recorded as capital outlay. Maintenance and repairs of a routine nature are charged to expenses/expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Infrastructure	15-60 years
Equipment	3-15 years
Vehicles	5-7 years

Capital assets not being depreciated include land, water rights, and construction in progress.

With the implementation of GASB 87, the City now separately identifies Right of Use assets for leased items. Amortization is recognized from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The value of the Right of Use asset is calculated as the net present value of the lease payments discounted at either the explicit interest rate of the contract or the appropriate discount rate for the circumstances.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Governmental Accounting Standards Board codification specifies that a liability should be accrued for leave benefits that meet the following conditions:

- The employer's obligation relative to employee rights to receive compensation for future absences is attributable to employee services already rendered
- The obligation related to rights that vest or accumulate
- Payment of the obligation is probable
- The amount can be reasonably estimated

The City records a liability for accrued paid time off (PTO) when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City uses the vesting method to calculate the compensated absence liability.

In proprietary funds, compensated absences are expended when earned. The entire amount of compensated absences is reported as a liability.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of applicable bond premium or discount.

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

GASB 87 Lease Accounting

The City is a lessee in multiple noncancelable operating and financing leases. If the contract provides the City the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the City's incremental borrowing rate. When the implicit rates of leases are not readily determinable, the City uses the incremental borrowing rate based on the information available at the commencement date for all leases. The City's incremental borrowing rate for a lease is the Diversified Bond Fund rate (DBF) from the State of Idaho for the month of inception of the lease or group of leases of similar assets.

Operating ROU: The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. **Finance ROU:** The ROU asset for finance leases is amortized on a straight-line basis over the lease term. **Operating leases with fluctuating lease payments:** For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the City has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the City is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The City recognizes short-term lease cost on a straight-line basis over the lease term.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category and it occurs on the government-wide statement of net position. The City reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and City contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset).

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions in the government-wide statement of net position.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Lease-related amounts are recognized at the inception of leases in which the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner of the term of the lease.

Pension Plan

For purposes of measuring the net pension liability(asset) 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 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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by the ordinances of the City Council – the City’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance: This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but the amounts are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

Risk Management

The City is exposed to a considerable number of risks of loss, including: (a) damage to and loss of property and contents; (b) employee torts; (c) professional liability, i.e. errors and omissions; (d) environmental damage; (e) workers’ compensation, i.e. employee injuries; and (f) medical insurance costs of employees. Commercial policies transferring the risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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 expenditures during the reporting period. Actual results could differ from those estimates.

City of Ammon

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Adoption of GASB Pronouncements

During the fiscal year ended September 30, 2022, the City implemented the following GASB Pronouncements:

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period: Issued June 2018, the objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period. This statement is effective for the fiscal year ending June 30, 2022. There was no impact on the City's financial statements.

GASB Statement No. 93, Replacement of Interbank Offered Rates: Issued to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). Effective for the fiscal year ending June 30, 2022. There was no impact on the City's financial statements.

The following GASB pronouncements have been issued, but are effective in the future:

GASB Statement No. 91, Conduit Debt Obligations: Issued May 2019, the objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice for presentation and disclosures. This statement is effective for the fiscal years beginning after December 15, 2021.

GASB Statement No. 92, Omnibus 2020: Issued January 2020, the objective of this statement is to enhance comparability in accounting and financial reporting and improve consistency in practice for certain previously implemented statements. This statement is effective for the fiscal years beginning after June 15, 2021.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Payment Arrangements: Issued March 2020, the objective of this statement is to improve reporting related to private-public and public-public partnership agreements (PPPs). This statement is effective for the fiscal years beginning after June 15, 2022.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements: Issued May 2020, the objective of this statement is to provide guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement is effective for the fiscal years beginning after June 15, 2022.

Subsequent Events

The City has evaluated subsequent events through February 10, 2023, which is the date the financial statements were available to be issued. There are no subsequent events required to be disclosed.

City of Ammon

Notes to Financial Statements

Note 2: Cash and Investments

Deposits with Financial Institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has reduced its concentration of credit risk by using several financial institutions. The formal policy as of September 30, 2022 was to limit deposits with any one bank or credit union to the maximum FDIC/SPIC insurable amount. As of September 30, 2022, \$3,426,292, including the money market, was not insured or collateralized.

Investments

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. The carrying value of the City's investments at year end was \$21,769,404 and the fair value was \$21,769,404. The amount not covered by insurance was \$12,852,633.

The City invests in the Local Government Investment Pool (LGIP) through the Idaho State Treasurer. All funds are invested by the Idaho State Treasurer's office in accordance with Sections 67-1210 and 67-1210A of the Idaho Code. All investments for the LGIP are collateralized with securities held by the LGIP's safekeeping agent in the LGIP's name. The investments held by the LGIP are carried at cost, which is not materially different than fair value (determined by the Idaho State Treasurer's office). The investments are subject to risk from market and interest rate fluctuations. The City has included this in cash since the average days of maturity is 15 days.

On September 30, 2022, City of Ammon had the following recurring fair value measurements.

Investment Type	Level 1	Level 2	Level 3	Total
State DBF Fund	\$ -	\$ 105,838	\$ -	\$ 105,838
Corporate Bonds	-	6,961,371	-	6,961,371
Agency Bonds	997,788	-	-	997,788
US Gov't Bonds	4,893,474	-	-	4,893,474
Certificates of Deposit	-	8,810,933	-	8,810,933
Total Investments	\$ 5,891,262	\$ 15,878,142	\$ -	\$ 21,769,404

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

City of Ammon

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

For securities that generally have market prices from multiple sources, it can be challenging to select the best individual price, and the best source one day may not be the best source on the following day. The solution is to report a "consensus price" or a weighted average price for each security. City of Ammon receives market prices for these securities from a variety of industry-standard data providers (e.g., Bloomberg), security master files from large financial institutions, and other third-party sources. Through the help of an investment advisor, City of Ammon uses these multiple prices as inputs into a distribution-curve based algorithm to determine the daily market value.

- U.S. Treasuries, Money Markets, U.S. Agencies: quoted prices for identical securities in markets that are active;
- Local Government Investment Pool" application of the September 30, 2022, fair value factor, as calculated by the State Treasurer to City of Ammon's average daily balance in the fund; and,

Debt securities classified in Level 2 are valued using the following approaches

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Bond Mutual Funds: published fair value per share (unit) for each fund;
- Donated Real Estate: recent appraisals of the real estate's value.

The City invests in the Diversified Bond Fund (DBF) through the Idaho State Treasurer. Amounts held by the DBF were held in the following investments: corporate securities, mortgage-backed securities, asset-backed securities, commercial mortgage-backed securities, U.S. Government agency securities, U.S. Treasury securities money market funds, and accrued interest. The City had \$105,838 invested in the DBF at September 30, 2022.

The investments held by the DBF are carried at fair value (determined by the Idaho State Treasurer's office). These investments are subject to risk from market and rate fluctuations. The weighted average duration was 3.02 years at September 30, 2022.

City of Ammon

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

The City's investment accounts, including government agencies, commercial paper, corporate bonds, certificates of deposit, and money market funds, are held with Moreton Asset Management. The money market funds are included as cash in the financial statements. The weighted average duration was 0.65 years. As of September 30, 2022, the City had the following investments showing the distribution by maturity and rating:

Investment Type	Remaining Maturity (in Years)			Total Fair Value	Rating
	12 Months or Less	1-5 Years	5-10 Years		
State DBF Fund	\$ -	\$ 105,838	\$ -	\$ 105,838	AAA
Corporate Bonds	1,908,288	5,053,083	-	6,961,371	AA-/A+/A-/BBB+
Agency Bonds	-	997,788	-	997,788	AAA
US Gov't Bonds	910,550	3,982,924	-	4,893,474	
Certificates of Deposit	1,591,894	7,219,039	-	8,810,933	NA/NR/A-1+/A-2/A-3/D
Total Investments	\$ 4,410,732	\$ 17,358,672	\$ -	21,769,404	
Plus cash				7,181,933	
Total cash and investments				\$ 28,951,337	

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented above is the actual rating as of year-end for each investment type. The City's investment policy requires investments to be in conformity with Idaho Statue Title 50 Chapter 10 section 13.

Concentration of credit risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the City's total investments. The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

City of Ammon

Notes to Financial Statements

Note 2: Cash and Investments (Continued)

On September 30, 2022, City of Ammon does not hold more than 5 percent of total investments in any single security concentration other than U. S. Government Treasuries and Agencies.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has a deposit policy to minimize custodial credit risk.

Foreign Currency Risk. The City has no foreign currency risk for investments at year end.

Note 3: Capital Assets

Capital asset balances and activity for the year ended September 30, 2022, were as follows:

	Balance 09/30/21	Increases	Decreases and Transfers	Balance 09/30/22
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,070,597	\$ 67,321	\$ -	\$ 1,137,918
Construction in progress	436,638	485,082	-	921,720
Total capital assets, not being depreciated	1,507,235	552,403	-	2,059,638
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,235,482	\$ 14,750	\$ -	\$ 3,250,232
Infrastructure	47,651,062	81,556	-	47,732,618
Machinery and equipment	4,421,209	112,432	7,982	4,541,623
Total capital assets, being depreciated	55,307,753	208,738	7,982	55,524,473
Accumulated depreciation:				
Buildings and improvements	(1,533,596)	(121,522)	-	(1,655,118)
Infrastructure	(31,565,365)	(1,059,239)	-	(32,624,604)
Machinery and equipment	(2,976,434)	(319,151)	36,086	(3,259,499)
Total accumulated depreciation	(36,075,395)	(1,499,912)	36,086	(37,539,221)
Total capital assets, being depreciated, net	\$ 19,232,358	\$ (1,291,174)	\$ 44,068	\$ 17,985,252
Right of use asset:				
Right of use asset	55,085	3,190	(55,085)	3,190
Accumulated amortization	(11,017)	(709)	11,017	(709)
Total right of use asset, net	44,068	2,481	(44,068)	2,481
Governmental activities capital assets, net	\$ 20,783,661	\$ (736,290)	\$ -	\$ 20,047,371

City of Ammon

Notes to Financial Statements

Note 3: Capital Assets (Continued)

	Balance 09/30/21	Increases	Decreases and Transfers	Balance 09/30/22
Business-type Activities:				
Capital assets, not being depreciated:				
Land and water rights	\$ 732,962	\$ 70,000	\$ -	\$ 802,962
Construction in progress	2,329,727	3,734,697	-	6,064,424
Total capital assets, not being depreciated	3,062,689	3,804,697	-	6,867,386
Capital assets, being depreciated:				
Buildings and improvements	8,393,131	-	-	8,393,131
Infrastructure	35,914,641	1,828,846	-	37,743,487
Machinery and equipment	6,782,679	390,375	98,937	7,271,991
Total capital assets, being depreciated	51,090,451	2,219,221	98,937	53,408,609
Accumulated depreciation:				
Buildings and improvements	(3,123,585)	(248,327)	-	(3,371,912)
Infrastructure	(8,610,077)	(840,844)	-	(9,450,921)
Machinery and equipment	(3,810,855)	(482,136)	(10,801)	(4,303,792)
Total accumulated depreciation	(15,544,517)	(1,571,307)	(10,801)	(17,126,625)
Total capital assets, being depreciated, net	35,545,934	647,914	88,136	36,281,984
Right of use asset:				
Right of use asset	110,170	68,112	(110,170)	68,112
Accumulated amortization	(22,034)	(15,136)	22,034	(15,136)
Total right of use asset, net	88,136	52,976	(88,136)	52,976
Business-type activities capital assets, net	\$ 38,696,759	\$ 4,505,587	\$ -	\$ 43,202,346

Depreciation and amortization expense was charged to the governmental functions as follows:

Governmental activities:	
General government	35,445
Fire protection	127,998
Building	7,109
Parks and recreation	93,036
Highway and streets	1,195,525
Capital assets held by the government's internal service funds which are charged to the various functions based on their usage of the assets:	41,508
Total depreciation and amortization expense, governmental activities	1,500,621
Business-Type activities:	
Water	904,140
Wastewater	365,406
Sanitation	108,345
Fiber Optic	208,552
Total depreciation and amortization expense, business-type activities	1,586,443

City of Ammon

Notes to Financial Statements

Note 4: 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.

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 or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2022, it was 7.16% and 9.13% for police and firefighters. The employer contribution rate 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 \$346,795 for the year ended September 30, 2022.

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

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

At September 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability(asset) was measured as of June 30, 2022, and the total pension liability(asset) used to calculate the net pension liability(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability(asset) was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the City's proportion was .0719631 percent.

For the year ended September 30, 2022, the City recognized pension expense of \$734,765. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 311,686	\$ 12,652
Changes in assumptions or other inputs	462,100	-
Net difference between projected and actual earnings on pension plan investments	652,174	-
City contributions subsequent to the measurement date	97,131	-
Total	\$ 1,523,091	\$ 12,652

\$97,131 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(asset) in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021, the beginning of the measurement period ended June 30, 2021, is 4.6 years and 4.6 years for the measurement period June 30, 2022.

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

<i>Year Ended September 30,</i>		
2023	\$	337,934
2024		366,903
2025		169,692
2026		538,740

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

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(asset) in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.

General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.

Teachers - Males Pub-2010 Teacher Tables, increased 12%.

Teachers - Females Pub-2010 Teacher Tables, increased 21%.

Fire & Police - Males Pub-2010 Safety Tables, increased 21%.

Fire & Police - Females Pub-2010 Safety Tables, increased 26%.

5% of Fire and Police active member deaths are assumed to be duty related.

This assumptions was adopted July 1, 2021.

Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.

Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability (Asset) as of June 30, 2021, is based on the results of an actuarial valuation date of July 1, 2021.

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

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

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

Capital Market Assumptions from Callan 2021

<i>Year Ended September 30, 2022</i>	Target Allocation	Long-Term Expected Rate of Return (Arithmetic)
Large Cap	18.00 %	4.50 %
Small/Mid Cap	11.00 %	4.70 %
International Equity	15.00 %	4.50 %
Emerging Markets Equity	10.00 %	4.90 %
Domestic Fixed	20.00 %	(0.25)%
TIPS	10.00 %	(0.30)%
Real Estate	8.00 %	3.75 %
Private Equity	8.00 %	6.00 %

Economic/Demographic Assumptions from Milliman 2021

Discount Rate

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

City of Ammon

Notes to Financial Statements

Note 4: Pension Plan (Continued)

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 5,002,527	\$ 2,834,450	\$ 1,059,936

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.

Payables to the pension plan

At September 30, 2022, the City 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.

Note 5: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on September 30, 2022, are as follows:

Fund	Receivable	Payable
General Fund	\$ 2,427,928	\$ -
LID #1 Fund	-	(424,673)
LID #5 Fund	-	(1,573,655)
Fiber optic fund	-	(429,600)
Total	\$ 2,427,928	\$ (2,427,928)

The City loaned funds to support the creation and infrastructure for the LID funds until the loans can be converted into bonds or are repaid. The General fund also loaned money to the Fiber optic fund to cover infrastructure costs that will be reimbursed as additional users are brought onto the system. No repayment terms were set for the LID#5 at September 30, 2022.

City of Ammon

Notes to Financial Statements

Note 5: Interfund Balances and Activity (Continued)

Repayment of the Fiber loan will be facilitated through additional subdivision charges in the fiber optic fund remitted annually as received.

Repayment terms for the LID #1 from the general fund are set at annual principal and interest payments of \$44,624 for 20 years. Interest for this loan is set at 3% per annum. The fourth payment was made during the 2022 fiscal year.

Repayment terms for the LID #5 from the general fund are not yet set because the LID #5 is not complete. Payment terms will be set once all costs have been accrued.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers at September 30, 2022, were as follows:

Fund	Transfer In	Transfer Out
General fund	\$ -	\$ 706,761
Parks and recreation	706,761	-
Total	\$ 706,761	\$ 706,761

The General Fund transferred \$706,761 to the Parks fund to assist cash flows within the City.

Note 6: Long-Term Obligations

Governmental Funds:

The City entered into a \$570,000 bond through Neighborly Securities, Inc. on November 9, 2018. The bond, part of the Fiber optic LID #2, requires annual payments for 20 years of \$45,738 and has an interest rate of 5%. This bond carries a premium in the amount of \$27,067 that will be amortized over the life of the bond.

In June 2020, the City entered into a bond agreement with Washington Federal Bank to finance the LID #3 in the amount of \$783,196. The bond requires annual payments for 15 years of \$65,038 and has an interest rate of 2.88%.

The City entered into a bond agreement with Zion Bank on September 1, 2021 in the amount of \$947,184. The bond, part of the Fiber Optic LID #4, requires annual payment of \$78,028 for 15 years and has an interest rate of 2.77%.

The City has a lease agreement with John Deere to lease a 544 P Wheel Loader for 6 years beginning May 25, 2021, through May 25, 2026. The lease calls for annual payments of \$17,692 with an interest rate of 2.75% with a balloon payment of \$93,500 on May 25, 2026. The lease is subject to non-appropriation. The cost of this asset is split across the Water, Wastewater, and Street funds equally. Under GASB 87, this lease is now treated as a financed purchase. The applicable portion for the street fund is included with the governmental activities disclosure below, and the remaining portion belonging to the proprietary funds is disclosed on page 51.

City of Ammon

Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

The following is a summary of the changes in long-term obligations for the year ended September 30, 2022, for the governmental activities:

	Balance at October 1, 2021	Additions	Payments	Balance at September 30, 2022	Due Within One Year
Fiber Bond #2	\$ 534,662	\$ -	\$ (19,005)	\$ 515,657	\$ 19,955
Premium on Fiber Bond	25,387	-	(900)	24,487	948
Fiber Bond #3	580,752	-	(103,705)	477,047	49,572
Fiber Bond #4	947,184	-	(193,763)	753,421	53,226
Financed purchase	49,384	-	(4,656)	44,728	4,669
Lease liability	-	3,190	(698)	2,492	1,058
Total	\$ 2,137,369	\$ 3,190	\$ (322,727)	\$ 1,817,832	\$ 129,428

The following is a schedule of principal and interest payments on long-term debt to maturity plus premium amortization (see Note 7 for lease payoff schedule):

Year Ended September 30,	Principal	Interest	Total	Premium
2023	127,422	67,280	\$ 194,702	\$ 948
2024	137,107	57,595	194,702	995
2025	141,434	53,269	194,703	1,045
2026	171,168	48,802	219,970	1,097
2027	145,315	43,492	188,807	1,152
2028-2032	693,657	145,928	839,585	6,683
2033-2037	289,703	53,101	342,804	8,529
2038-2041	85,047	6,430	91,477	4,038
Total	1,790,853	475,897	\$ 2,266,750	\$ 24,487

Business-Type Enterprise Funds:

On July 8, 2020, The City refunded a bond in the amount of \$8,888,384 through JPMorgan Chase Bank, NA. The new interest rate is 1.21% per year for 11 years and created a cash flow savings of \$930,308 for the City. The required principal and interest payments are \$431,752 due bi-annually in November and May.

The City entered into a \$15,000,000 loan with the Department of Environmental Quality (DEQ) to fund the City's portion of the regionalization project (Eastern Idaho Regional Wastewater Authority) on April 24, 2008. The loan was increased to \$25,000,000 as confirmed by judicial review. This loan was closed for \$23,213,934 on April 24, 2013, and the City began repaying the loan.

The City is required to establish at the time of the issuance of the bond a reserve fund in an amount equal to 1 year's payment of principal and interest and the City established a reserve in the amount of \$1,068,523 as of the year ended September 30, 2014. The loan requires biannual payments of principal and interest at 2.25% to be amortized over 30 years from the completion of the project. The required payments are \$534,261 due in October and April.

City of Ammon

Notes to Financial Statements

Note 6: Long-Term Obligations (Continued)

The City has a lease agreement with John Deere to lease a 544 P Wheel Loader for 6 years beginning May 25, 2021, through May 25, 2026. The lease calls for annual payments of \$17,692 with an interest rate of 2.75% with a balloon payment of \$93,500 on May 25, 2026. The lease is subject to non-appropriation. The cost of this asset is split across the Water, Wastewater, and Street funds equally. Under GASB 87, this lease is now treated as a financed purchase. The applicable portion for the proprietary funds is disclosed in that table below.

The following is a schedule of principal and interest payments on long-term debt to maturity (see Note 7 for lease payoff schedule):

Year Ended September 30,	Principal	Interest	Total
2023	\$ 1,370,139	\$ 573,681	\$ 1,943,820
2024	1,499,083	444,737	1,943,820
2025	1,525,793	418,027	1,943,820
2026	1,602,553	391,806	1,994,359
2027	1,568,321	363,705	1,932,026
2028-2032	7,388,244	1,408,379	8,796,623
2033-2037	4,504,095	838,515	5,342,610
2038-2042	4,930,551	305,128	5,235,679
Total	\$ 24,388,779	\$ 4,743,978	\$ 29,132,757

Following is a summary of the changes in long-term obligations for the year ended September 30, 2022, for the enterprise funds:

Governmental activities:	Beginning Balance October 1, 2021	Increase	Decrease	Ending Balance September 30, 2022	Due Within One Year
Financed purchase	\$ 98,628	\$ -	\$ (11,543)	\$ 89,456	\$ 9,338
Refunding Bond - Water	8,110,006	-	(767,687)	7,342,319	777,005
Revenue Bond - Sewer	17,686,408	-	(729,404)	16,957,004	583,796
Lease liability	-	68,112	(14,898)	53,214	22,601
Total	\$ 25,895,042	\$ 68,112	\$ (1,523,532)	\$ 24,441,993	\$ 1,392,740

The City has pledged future water customer revenues, net of specified operating expenses, to repay the \$7,342,319 water revenue refunding bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the \$16,957,004 wastewater revenue bond. Annual principal and interest payments are expected to require less than 100% of net revenues.

City of Ammon

Notes to Financial Statements

Note 7: Lease Agreements

City as Lessee

The terms and expiration dates of the City's leases payable at September 30, 2022 are as follows:

Enterprise Fleet Management - Lease agreement dated February 2022 in the original principal amount of \$20,267. Due in monthly installments of \$575, including interest at 1.35% per annum. This lease expires after 36 months and is collateralized by a truck. This asset is used by the water fund.

Enterprise Fleet Management - Lease agreement dated February 2022 in the original principal amount of \$25,517. Due in monthly installments of \$724, including interest at 1.35% per annum. This lease expires after 36 months and is collateralized by a truck. This asset is used by the water and wastewater funds with half of the cost charged to each fund.

Enterprise Fleet Management - Lease agreement dated February 2022 in the original principal amount of \$25,517. Due in monthly installments of \$724, including interest at 1.35% per annum. This lease expires after 36 months and is collateralized by a truck. This asset is used by the water, wastewater, sanitation, and street funds with one quarter of the cost charged to each fund.

The following is a schedule of changes in leased assets for the year:

	Beginning Balance			Ending Balance		Due Within
Governmental activities:	October 1, 2021	Increase	Decrease	September 30, 2022		One Year
2022 Ford F-150 (2 units)	\$ -	\$ 51,034	\$ (11,162)	\$ 39,872	\$	16,934
2022 Ford Ranger	-	20,267	(4,433)	15,834		6,725
Total	\$ -	\$ 71,301	\$ (15,595)	\$ 55,706	\$	23,659

The following is a schedule of principal and interest payments on long-term lease to maturity:

Year Ended September 30,	Principal	Interest	Total
2023	23,659	606	\$ 24,265
2024	23,980	285	24,265
2025	8,067	23	8,090
Total	55,706	914	\$ 56,620

Note 8: Deficit Fund Balance

The Fiber Optic Local Improvement District #1 is in a deficit of \$384,302 at September 30, 2022. This amount is expected to be repaid through the collections in the LID over time. The Fiber Optic Local Improvement District #5 is in a deficit of \$1,498,860 at September 30, 2022. This amount is expected to be repaid through the collections in the LID over time.

City of Ammon

Notes to Financial Statements

Note 9: Fund Balance

According to Governmental Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. As of September 30, 2022, the City had restricted funds for the following projects:

<i>Projects:</i>	General Fund	Street	Building
East Hills Development	\$ 16,298	\$ -	\$ -
Snowcrest Development	-	54,210	-
Mountain Bend - Division 2	-	47,707	-
Rockwell Homes	-	195,216	-
Liberty Homes	-	7,320	-
Kartchner Homes	-	2,093	-
JKY Properties - All star Homes	-	1,000	-
Hilltop Homes	-	600	-
My Storage Ammon	-	2,800	-
Guardian Homes	-	4,097	-
Tallman Construction	-	1,000	-
Riverbend Management	-	523,060	-
Crystal Builders	-	2,552	-
Odyssey Homes	-	1,000	-
Developer deposits	-	-	9,686
Total	\$ 16,298	\$ 842,655	\$ 9,686

Note 10: Federal Grants

During fiscal years 2021 and 2022, the City was the recipient of \$3.68 million in federal funds under the Coronavirus State and Local Fiscal Recovery Funds program ("CSLFRF") for the purposes of responding to the ramifications of the coronavirus pandemic. This is a one-time award which the City has designated for use on infrastructure related to water, sewer, and broadband services throughout the City. \$3.58 million of these funds are shown as Grants and Contracts for presentation purposes in the attached financials and were spent during fiscal year 2022. The remaining amount is shown as deferred revenue.

Note 11: Jointly Governed Organization

The City is participating in a joint venture with the City of Shelley, Bingham County, and Bonneville County for a treatment plant for wastewater. The City 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 (EIRWWA), 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 EIRWWA during the construction phase were donated to the Authority as that phase became operational. In May 2022, the community voted the transition from EIRWWA to the Eastern Idaho Regional Sewer District (EIRSD). This change was effective August 2022.

City of Ammon

Notes to Financial Statements

Note 11: Jointly Governed Organization (Continued)

The Board of the EIRWWA 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.

In the event of federal, state, or local court action concerning the facility, each member will assume responsibility for such litigation in a direct proportion to the percentage of use of the system. If the facility needs to expand in the future and the EIRWWA does not have adequate funds in their reserve fund accumulated from the discharge/hookup fees, each member of the joint powers agreement will pay additional funds necessary to construct the complete next phase of the development of the facility.

During the fiscal year ended September 30, 2010, the facility began accepting flow from the City of Shelley, Bonneville County, and Bingham County. As per the joint powers agreement, the City of Ammon distributed the capitalized assets acquired during the construction of the treatment plant to the Authority (\$9,564,999). The initial capitalization of the EIRWWA as of September 30, 2010, was \$27,863,728. During the fiscal year ended September 30, 2012, the City connected to the treatment plant and distributed the capitalized assets acquired during the construction of the Eastern Interceptor line of \$17,480,587 and contributed an additional \$809,659 during the year ended September 30, 2013.

The costs of the operations of the EIRWWA/EIRSD are being allocated based on the users of the system. Currently, this results in 69% being allocated to the City of Ammon. The City of Ammon paid \$931,737 for flow charges and \$1,778,696 for the capacity replacement fees the City collected for EIRWWA/EIRSD during the 2021-2022 fiscal year. The City paid an additional \$1.6 million of ARPA funding and \$1,924,115 of capital replacement savings to EIRSD for phase 1 of their construction project to increase capacity at the plant.

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

EIRWWA/EIRSD
618 E 1250 N
Shelley, ID 83274

Note 12: Ammon Urban Renewal Agency

Reporting Entity. The component unit in the government-wide financial statements includes the financial data of the Ammon Urban Renewal Agency (Agency), the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with state urban renewal law.

Summary of Significant Accounting Policies. The basis of accounting for the government-wide financial statements is the accrual basis of accounting.

City of Ammon

Notes to Financial Statements

Note 12: Ammon Urban Renewal Agency (Continued)

Cash and Investments. At September 30, 2022, the carrying amount and bank balance of the Agency's deposits was \$168,372. The entire balance was covered by federal depository insurance.

Bonds Payable. The Agency issued \$2,935,000 of Multi-mode Variable Rate Revenue Allocation (Tax Increment) Bonds, Series 1999A in July 1999. The payment on these bonds is interest only, until maturity at August 1, 2024. The interest rate on these bonds is variable. The Agency exercised their optional redemption rights and as of September 30, 2022, the entire principal balance has now been paid off.

Restricted Fund Balance. A portion of the fund balance of the Debt Service Reserve Fund was created to segregate a portion of fund balance for debt service, including both principal and interest payments.

Notes Payable. On January 28, 1998, the Agency entered into a Limited Recourse Promissory Note (Phase I Note, Series 1997A Project Note) payable in the amount of \$917,150 to CPI / Ammon Limited Partnership. The note bears interest at 9.0%. The principal balance on the note at September 30, 2022, is \$917,150. Future debt service payments on the note are not specified.

On January 28, 1998, the Agency entered into a Limited Recourse Promissory Note (Phase I Note, Bond Project Series 1997B Project) payable in the amount of \$46,915 to CPI / Ammon Limited Partnership. The note bears interest at 5.88%. The principal balance on the note at September 30, 2022, is \$46,915. Future debt service payments on the note are not specified.

The recourse of CPI / Ammon Limited Partnership for payment on these notes is limited solely to the funds in the Revenue Allocation Fund, after payment of interest and principal on the bonds and payments to fund the Administrative Fund. The Agency's obligation to make revenue allocation payments to CPI / Ammon Limited Partnership terminates with taxes collected and paid to the Agency for the calendar year beginning January 1, 2024. Interest accrued on these notes through September 30, 2022, was approximately \$2,161,999.

Capital Improvement Reimbursement Payable/Receivable. On December 7, 2021, the Agency entered into a Capital Improvement reimbursement agreement with Advance Creative Solutions, LLC in the amount of \$833,354. This agreement was later amended to include \$195,192 to be paid to the Heaton Family and the original agreement was amended to Advance Creative Solutions by the amount to be paid to the Heaton's. The agreement provides that they will pay 70% of the revenue allocation proceeds that the Agency receives. If the amount has not been paid in full by December 31, 2040 the obligation is terminated. As the amount of the reimbursement amount is based upon property tax revenue to be received a receivable has also been booked in the same amount. As of September 30, 2022 the payable/receivable balance is \$830,354.

Changes in General Long-Term Debt. A summary of the changes in the General Long-term Debt is as follows:

<i>Year Ended September 30, 2022</i>	Series 1999A Bonds	Notes Payable	Reimbursement Payable
Balance at October 1, 2021	\$ 165,000	\$ 964,065	\$ -
Principal payment	(165,000)	-	830,354
Balance at September 30, 2022	\$ -	\$ 964,065	\$ 830,354

City of Ammon

Notes to Financial Statements

Note 12: Ammon Urban Renewal Agency (Continued)

Property Tax Revenue. Current property tax revenue is not meeting original expectations. When the Series 1999 Bonds and other notes payable were entered into, property tax revenue was expected to have increased significantly enough to make the principal payments as well as the interest. The required interest payments are being made on the Bonds as well as principal payments as cash flows permit. The Agency currently expects to pay the Bonds in full, however it will not be able to make the entire principal balance on the Note Payable in 2024 if property tax revenues do not increase significantly. The Agency does not expect to be able to pay any interest accrued on the Note Payable.

Letter-of-Credit. The Agency entered into an irrevocable direct-pay letter-of-credit dated July 21, 1999, with Wells Fargo Bank in order to secure and facilitate payment of principal and interest on the Series 1999 Bonds (the Bonds). The agreement amount is not to exceed the outstanding principal amount of the Bonds and 45 days' interest calculated at 12% per annum. The letter-of-credit has been extended until August 1, 2022. The letter-of-credit fee is due in advance on August 1 of each year and is equal to 2% of the outstanding principal of the Bonds. The letter-of-credit fees incurred for the year ended September 30, 2022, was \$2,512.

Economic Dependency. The Agency receives approximately 80% of its tax revenue from three entities.

Subsequent Events. Management of the Agency evaluated subsequent events through January 19, 2023, which was the date the financial statements were available to be issued. There were no subsequent type events, identified by management of the Agency, that are required to be disclosed.

Required Supplemental Information

City of Ammon

Statement of Revenues, Expenditures, and Changes in Fund Balance -Budget and Actual- Governmental Funds

Year Ended September 30, 2022	General		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Property taxes	\$ 2,356,353	\$ 2,370,395	\$ 14,042
Franchise fees	170,000	157,849	(12,151)
Licenses and Permits	100,150	106,514	6,364
Intergovernmental	2,380,074	2,707,654	327,580
Penalty and charges	-	(5)	(5)
Planning	58,837	82,429	23,592
Earnings on Investments	121,066	(244,677)	(365,743)
Grants and Awards	40,685	24,250	(16,435)
Miscellaneous revenues	188,905	79,628	(109,277)
Total revenues	5,416,070	5,284,037	(132,033)
Expenditures			
Current			
General Government	\$ 1,567,665	\$ 1,426,348	\$ 141,317
Law Enforcement	1,920,512	1,889,452	31,060
Fire Protection	-	1,971	(1,971)
Planning & Zoning	190,723	183,065	7,658
Engineering	146,324	137,695	8,629
Capital Outlay	200,000	-	200,000
Total expenditures	4,025,224	3,638,531	386,693
Excess (deficiency) of revenue over expenditures	1,390,846	1,645,506	254,660
Other financing sources (uses)			
Transfers Out	(706,761)	(706,761)	-
Total other financing sources (uses)	(706,761)	(706,761)	-
Net change in fund balance	\$ 684,085	938,745	\$ 254,660
Fund balance at beginning of year		11,876,614	
Fund balance at end of year		\$ 12,815,359	

See Independent Auditor's Report.

City of Ammon
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget and Actual-
Governmental Funds

Year Ended September 30, 2022	Street		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Franchise fees	\$ 285,000	\$ 306,011	\$ 21,011
Intergovernmental revenue	828,570	1,283,054	454,484
Planning	114,750	449,414	334,664
Earnings on Investments	22,066	(51,360)	(73,426)
Grants and Awards	5,375,700	-	(5,375,700)
Miscellaneous revenue	61,200	14,630	(46,570)
Total revenues	6,687,286	2,001,749	(4,685,537)
Expenditures			
Current			
Highways and Streets	\$ 6,938,532	\$ 1,511,703	\$ 5,426,829
Total expenditures	6,938,532	1,511,703	5,426,829
Net change in fund balance	<u>\$ (251,246)</u>	490,046	<u>\$ 741,292</u>
Fund balance at beginning of year		<u>1,373,429</u>	
Fund balance at end of year		<u>\$ 1,863,475</u>	

See Independent Auditor's Report.

City of Ammon

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-Governmental Funds

Year Ended September 30, 2022	Parks and Recreation		
	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Planning	\$ 125,200	\$ 25,000	\$ (100,200)
Miscellaneous Revenues	130,000	74,223	(55,777)
Recreation Fees	246,750	216,417	(30,333)
Total revenues	501,950	315,640	(186,310)
Expenditures			
Current			
Parks	\$ 775,622	\$ 453,939	\$ 321,683
Recreation	226,981	254,492	(27,511)
Pool	206,109	222,237	(16,128)
Total expenditures	1,208,712	930,668	278,044
Excess (deficiency) of revenue over expenditures	(706,762)	(615,028)	91,734
Other financing sources (uses)			
Transfers In	706,761	706,761	-
Total other financing sources (uses)	706,761	706,761	-
Net change in fund balance	\$ (1)	91,733	\$ 91,734
Fund balance at beginning of year		(65,043)	
Fund balance at end of year		\$ 26,690	

See Independent Auditor's Report.

City of Ammon
Schedule of Employer's Share of Net Pension Liability
PERSI-Base Plan Last 10-Fiscal Years*

Determined as of the Measurement Date

	2022	2021	2020	2019	2018
Employer's portion of the Net Pension Liability (Asset)	0.071963 %	0.077600 %	0.077370 %	0.077110 %	0.071120 %
Employer's proportionate share of Net Pension Liability(Asset)	2,834,450	(61,286)	1,796,636	880,145	1,049,062
Total	2,834,450	(61,286)	1,796,636	880,145	1,049,062
Employer's Covered Payroll	2,850,023	2,783,300	2,765,392	2,618,938	2,369,811
Employer's Proportionate Share of the net pension liability(asset) as a percent of Covered Payroll	99.45 %	(2.20)%	64.97 %	33.61 %	44.27 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	83.09 %	100.36 %	88.22 %	93.79 %	91.69 %

	2017	2016	2015
Employer's portion of the Net Pension Liability (Asset)	0.066020 %	0.064340 %	0.064710 %
Employer's proportionate share of Net Pension Liability(Asset)	1,037,718	1,304,338	852,082
Total	1,037,718	1,304,338	852,082
Employer's Covered Payroll	2,050,530	1,881,846	1,812,412
Employer's Proportionate Share as a percent of Covered Payroll	50.61 %	69.31 %	47.01 %
Plan Fiduciary Net Position as a percent of Total Pension Liability	90.68 %	87.26 %	91.38 %

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available

Data reported is measured as of June 30, 2022.

See Independent Auditor's Report.

City of Ammon
Schedule of Employer Contributions
PERSI-Base Plan Last 10-Fiscal Years*

Determined as of the Reporting Date

	2022	2021	2020	2019	2018
Statutorily Required Contribution	348,251	326,352	338,594	308,277	268,812
Contributions in Relation to the Statutorily Required Contributions	348,251	326,352	338,594	308,277	268,812
Contribution Deficiency (Excess)	0	0	0	0	0
Employer's Covered Payroll	2,916,677	2,733,270	2,824,401	2,678,343	2,354,629
Contributions as a percent of Covered Payroll	11.94 %	11.94 %	11.99 %	11.51 %	11.42 %

	2017	2016	2015
Statutorily Required Contributions	240,568	215,743	206,496
Plan Choice Rate Required Contributions	0	0	0
Contributions in Relation to the Statutorily Required Contributions	240,568	215,743	206,496
Contribution Deficiency (Excess)	0	0	0
City's covered payroll	2,117,587	1,898,349	1,816,643
Contributions as a percent of Covered Payroll	11.36 %	11.36 %	11.63 %

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of September 30, 2022.

See Independent Auditor's Report.

Other Information

City of Ammon

Special Revenue Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Building Fund

The Building Fund is used to account for the operation and maintenance of the building department, the applications for licenses and permits, and payments for building permits in the City.

Fiber Optic Local Improvement District #1

Fiber Optic LID #1 is the City's installation of fiber optic in the area selected to be the initial users of City fiber optic. The subdivisions included are the Cottages, the Villas, Mountain Valley Estates, Felt and Waite, and Stonehaven. The installation was completed during the year ended September 30, 2018.

Fiber Optic Local Improvement District #2

Fiber Optic LID #2 is used to account for the City's installation of fiber optic in Cottonwood Hills, Founders Pointe, and Eagle Pointe subdivisions. The installation was completed during the year ended September 30, 2019.

Fiber Optic Local Improvement District #3

Fiber Optic LID #3 is used to account for the City's installation of fiber optic in Bridgewater, Centennial Ranch, Jennie Jean Estates, and Hawks Landing Division #1 subdivisions. The installation was completed during the year ended September 30, 2020.

Fiber Optic Local Improvement District #4

Fiber Optic LID #4 is used to account for the City's installation of fiber optic in Woodland Hills, Courtland Ridge, Highland Springs and Fox Hollow subdivisions. The installation was completed during the year ended September 30, 2021.

Fiber Optic Local Improvement District #5

Fiber Optic LID #5 is used to account for the City's installation of fiber optic in North Centennial, Briar Creek, North Tie Breaker to First Street, Georgia to Sunnyside, South Ross, and Rawson Street subdivisions. The installation started during the year ended September 30, 2021, but has not been completed.

See Independent Auditor's Report

City of Ammon

Combining Balance Sheet - Nonmajor Governmental Funds

September 30, 2022	Building	Fiber Local Improvement District #1	Fiber Local Improvement District #2	Fiber Local Improvement District #3
Assets and Deferred Outflows of Resources				
Cash and investments	\$ 720,163	\$ 20,235	\$ 52,544	\$ 42,893
Other receivables	24,521	431,496	362,476	512,824
Total assets	744,684	451,731	415,020	555,717
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accrued salaries and benefits	11,250	-	-	-
Accrued interest payable	-	7,573	17,871	5,075
Deposits payable	9,686	-	-	-
Interfund payable	-	424,673	-	-
Total liabilities	20,936	432,246	17,871	5,075
Deferred inflows of resources				
Unavailable revenues	-	403,787	343,914	478,052
Total deferred inflows of resources	-	403,787	343,914	478,052
Total liabilities and deferred inflows of resources	20,936	836,033	361,785	483,127
Fund balances				
Restricted for				
Development commitments	9,686	-	-	-
Other	714,062	-	53,235	72,590
Unassigned	-	(384,302)	-	-
Total fund balances	723,748	(384,302)	53,235	72,590
Total liabilities, deferred inflows or resources and fund balances	\$ 744,684	\$ 451,731	\$ 415,020	\$ 555,717

See Independent Auditor's Report.

City of Ammon

Combining Balance Sheet - Nonmajor Governmental Funds

<i>September 30, 2022</i>	Fiber Local Improvement District #4	Fiber Local Improvement District #5	All Nonmajor Funds
Assets and Deferred Outflows of Resources			
Cash and investments	\$ 34,455	\$ 119,619	\$ 989,909
Other receivables	739,977	-	2,071,294
Total assets	774,432	119,619	3,061,203
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accrued salaries and benefits	-	16,305	27,555
Accrued interest payable	1,971	28,519	61,009
Deposits payable	-	-	9,686
Interfund payable	-	1,573,655	1,998,328
Total liabilities	1,971	1,618,479	2,096,578
Deferred inflows of resources			
Unavailable revenues	681,195	-	1,906,948
Total deferred inflows of resources	681,195	-	1,906,948
Total liabilities and deferred inflows of resources	683,166	1,618,479	4,003,526
Fund balances			
Restricted for			
Development commitments	-	-	9,686
Other	91,266	-	931,153
Unassigned	-	(1,498,860)	(1,883,162)
Total fund balances	91,266	(1,498,860)	\$ (942,323)
Total liabilities, deferred inflows or resources and fund balances	\$ 774,432	\$ 119,619	\$ 3,061,203

See Independent Auditor's Report.

City of Ammon

Combining Statements of Revenues, Expenditures and Changes In Fund Balance - Other Governmental Funds

<i>Year Ended September 30, 2022</i>	Building	Fiber Local Improvement District #1	Fiber Local Improvement District #2	Fiber Local Improvement District #3
Revenues				
Licenses and Permits	\$ 823,321	\$ -	\$ -	\$ -
Planning	-	47,810	62,589	105,260
Earnings on investment	(13,000)	13,440	17,742	17,320
Miscellaneous revenue	884	-	-	-
Total revenues	811,205	61,250	80,331	122,580
Expenditures				
Current:				
Building	551,110	-	-	-
Fiber Optic LID	-	17,805	108,733	124,584
Total expenditures	551,110	17,805	108,733	124,584
Excess (deficiency) of revenues over expenditures	260,095	43,445	(28,402)	(2,004)
Net change in fund balance	260,095	43,445	(28,402)	(2,004)
Fund balance, beginning of year	463,653	(427,747)	81,637	74,594
Fund balance, end of year	\$ 723,748	\$ (384,302)	\$ 53,235	\$ 72,590

See Independent Auditor's Report.

City of Ammon

Combining Statements of Revenues, Expenditures and Changes In Fund Balance - Other Governmental Funds

<i>Year Ended September 30, 2022</i>	Fiber Local Improvement District #4	Fiber Local Improvement District #5	All Nonmajor Funds
Revenues			
Licenses and Permits	\$ -	\$ -	\$ 823,321
Planning	172,158	-	387,817
Earnings on investment	24,016	-	59,518
Miscellaneous revenue	-	-	884
Total revenues	196,174	-	1,271,540
Expenditures			
Current:			
Building	-	-	551,110
Fiber Optic LID	219,984	709,931	1,181,037
Total expenditures	219,984	709,931	1,732,147
Excess (deficiency) of revenues over expenditures	(23,810)	(709,931)	(460,607)
Net change in fund balance	(23,810)	(709,931)	(460,607)
Fund balance, beginning of year	115,076	(788,929)	(481,716)
Fund balance, end of year	\$ 91,266	\$ (1,498,860)	\$ (942,323)

See Independent Auditor's Report.

City of Ammon
Combining Statement of Net Position
Proprietary Funds

<i>September 30, 2022</i>	Pressurized Irrigation	Sanitation	All Nonmajor Funds
Assets			
Current assets			
Investments	6,981	3,063,946	3,070,927
Accounts receivable	(303)	43,895	43,592
Total current assets	6,678	3,107,841	3,114,519
Nondepreciable capital assets	-	37,357	37,357
Depreciable capital assets, net	-	414,819	414,819
Right of Use Asset, net	-	2,481	2,481
Total assets	6,678	3,562,498	3,569,176
Deferred outflow of resources			
Related to pensions	-	84,177	84,177
Total assets and deferred outflow of resources	6,678	3,646,675	3,653,353
Liabilities			
Current			
Accrued salaries and benefits	-	16,443	16,443
Accrued interest	-	3	3
Deposit Payable	3,000	3,500	6,500
Lease liability - current	-	1,058	1,058
Total current liabilities	3,000	21,004	24,004
Non-current			
Lease liability	-	1,434	1,434
Pension Liability	-	102,027	102,027
Total non-current liabilities	-	103,461	103,461
Total liabilities	3,000	124,465	127,465
Deferred inflow of resources			
Related to pensions	-	455	455
Net Position			
Net investment in capital assets	-	452,165	452,165
Assigned	3,000	-	3,000
Unrestricted	678	3,069,590	3,070,268
Total net position (deficit)	3,678	3,521,755	3,525,433
Total assets and deferred outflow of resources	6,678	3,646,675	3,653,353

See Independent Auditor's Report.

City of Ammon

Combining Statement of Revenues, Expenses and Changes In Net Position Proprietary Funds

<i>Year Ended September 30, 2022</i>	Pressurized Irrigation	Sanitation	All Nonmajor Funds
Operating revenues			
Charges for Services	\$ -	\$ 715,431	\$ 715,431
Miscellaneous	7,988	1,462	9,450
Total operating revenues	7,988	716,893	724,881
Operating expenses			
Operations and Maintenance	-	219,478	219,478
Salaries and Benefits		255,256	255,256
Depreciation	-	108,345	108,345
Total operating expenses	-	583,079	583,079
Operating income (loss)	7,988	133,814	141,802
Non-operating revenues (expenses)			
Earnings on Investments	(170)	(80,954)	(81,124)
Interest Expense	-	(29)	(29)
Total non-operating revenues (expenses)	(170)	(80,983)	(81,153)
Changes in net position	7,818	52,831	60,649
Net position, beginning of year	(4,140)	3,468,924	3,464,784
Net position, end of year	\$ 3,678	\$ 3,521,755	\$ 3,525,433

See Independent Auditor's Report.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Ammon
Ammon, 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, each major fund and the aggregate remaining fund information of City of Ammon, as of and for the year ended September 30, 2022 and the related notes to the financial statements, which collectively comprise the City of Ammon's basic financial statements, and have issued our report thereon dated February 10, 2023. Our report includes a reference to other auditors who audited the financial statements of Ammon Urban Renewal Agency, the discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those other auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ammon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ammon's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ammon'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 a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the City of Ammon's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ammon'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Ammon'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 of Ammon's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Idaho Falls, Idaho
February 10, 2023

FORM OF BOND COUNSEL OPINION

August 29, 2024

Eastern Idaho Regional Sewer District
618 E 1250 N
Shelley, ID 83274

Underwriter

U.S. Bank Trust Company, National Association
170 S Main Street, Suite 200
Salt Lake City, UT 84101

Re: Eastern Idaho Regional Sewer District Sewer Revenue Bonds, Series 2024

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the Eastern Idaho Regional Sewer District Sewer Revenue Bonds, Series 2024, in the principal amount of \$36,075,000, dated _____, 2024 (the “Bonds”), authorized by the Eastern Idaho Regional Sewer District (the “District”) pursuant to Resolution No. 2204-004 of the District Board of Directors (the “Board”) adopted July 16, 2024 (the “Bond Resolution”) and pursuant to the Paying Agent Agreement dated _____, 2024, between the District and U.S. Bank Trust Company, National Association, as Trustee and Paying Agent (the “Trustee”). The final pricing and interest rates on the Bonds were accepted by the officials of the District and pursuant to the Bond Purchase Agreement dated _____, 2024 (the “Bond Purchase Agreement”), executed between _____, as Underwriter, and the District. Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms by the Trust Indenture.

The Bonds are issuable as fully registered bonds, dated as of the date of their delivery, in minimum denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds mature, bear interest, are payable and are subject to redemption prior to maturity, in the manner and upon the terms set forth therein and in the Bond Purchase Agreement. The Bond Resolution provides that the Bonds are limited obligations of the District and shall be secured solely by a pledge of the Pledged Revenue, on a parity with any Additional Bonds that may be issued in the future, and other sources provided therefor in the Trust Indenture.

In connection therewith, we have examined the applicable law, a duly certified transcript of proceedings of the District, and other documents which we deem necessary to render this opinion.

We have relied upon the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation.

We have examined the Constitution and laws of the State of Idaho, including Title 42, Chapters 32 and 41, and Title 57, Chapters 2 and 9, Idaho Code, and such other laws, proceedings prepared, in part, by us, relating to the authorization, issuance, and sale of the Bonds, in particular, the Bond Resolution, and such other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of delivery of the Bonds.

Based upon our examination, it is our opinion, under existing law and as of the date hereof:

1. The District is a validly created and existing sewer district and body politic and corporate of the State of Idaho, with full power and authority to borrow money for the purposes set forth in the Bond Resolution, to issue, sell, and deliver the Bonds, and to enter into and to perform its obligations under the Bond Resolution.
2. The Bonds have been lawfully authorized under the Constitution and laws of the State of Idaho and constitute valid and legally binding obligations of the District, payable from Pledged Revenue as provided in the Bond Resolution. The full faith and credit of the District is not pledged for the payment of the principal of and interest on the Bonds and a separate tax levy is not authorized for the payment of the Bonds.
3. The Bonds are being issued under the authority of Chapters 32 and 41 of Title 42, and Chapters 2 and 9 of Title 57, Idaho Code, for the purpose of paying for capital improvements, as set forth in the Bond Resolution. The Bond Resolution was duly adopted by the Board of Directors of the District, is in full force and effect as of the date hereof and have not been amended, except as set forth, or repealed subsequent to their adoption. The officials of the District named in the Official Statement have been duly elected or appointed to and are as of the date hereof qualified to serve in their respective positions.
4. The Bond Purchase Agreement and the Continuing Disclosure have been duly authorized, executed, accepted and delivered by the District and are enforceable according to their respective terms.
5. To the best of our knowledge and information and belief, after due inquiry, there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before any court, public board, or body, pending or threatened against or affecting the District, its boundaries, or its corporate existence, or the titles of its officers to their respective offices, or seeking to prohibit, restrain, or enjoin the authorization, sale, issuance, or delivery of, or security for, the Bonds or any way contesting or affecting the validity or enforceability of the Bonds, the Bond Purchase Agreement, or the Bond Resolution or contesting in any way the validity of the proceedings authorizing the Bonds, or materially affecting the finances of the District.
6. The execution and delivery of the Bonds, the Bond Resolution, the Bond Purchase Agreement, the Continuing Disclosure Agreement and the District's compliance with its obligations set out in those instruments, will not conflict with or constitute a breach of, or a default under any existing law, court or administrative regulations, decree, or any other legislative act, constitutional

or other proceeding, applicable or relating to the establishment by the District of its affairs, ordinances or resolutions, or any agreement, indenture, mortgage, lease or other instrument to which the District is subject or by which it is bound.

7. Except as discussed below and assuming continuing compliance with the requirements referenced below, the interest on the Bonds is excludable from the gross income of the holders or owners thereof for federal income tax purposes. We are further of the opinion that the interest may not be included as an individual or corporate alternative minimum tax (AMT) preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). After December 31, 2022, there is a corporate AMT, which, when effective, applies to applicable corporations. An applicable corporation does not include an S Corporation, a real estate investment trust or a regulated investment company. A corporation that is determined not to be an "applicable corporation" will remain exempt from the corporate alternative minimum tax consistent with its repeal in 2023 as part of the Tax Cuts and Jobs Act. In expressing the aforementioned opinions, we have relied on, and assume compliance by the District with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We have not undertaken and do not undertake to monitor compliance by the District with such requirements; and if the District should fail to comply with such requirements, the interest on the Bonds could become includable in gross income for federal and State of Idaho income tax purposes retroactive to the date of issuance of the Bonds.

8. Interest on the Bonds is excluded from gross income for purposes of income taxation by the State of Idaho.

The opinions set forth above are qualified only to the extent that certain rights and remedies of the holders of the Bonds may be limited or rendered ineffective by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District pursuant to the Bonds and the Bond Resolution are subject to the application of general principles of equity and public policy limitations on the exercise of any rights to indemnification and contribution, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Ownership of the Bonds may result in collateral federal tax consequences to certain taxpayers. Prospective purchasers of the Bonds should consult their own tax advisors as to the applicability of any such collateral consequences.

In this opinion letter issued in our capacity as bond counsel, we are passing only upon those matters set forth herein and are not passing upon the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds or upon any federal or State of Idaho tax consequences arising from the receipt or accrual of interest on or the ownership of the Bonds except those specifically addressed in Paragraphs Eight and Nine above.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,
MSBT Law, Chartered

Stephanie J. Bonney

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The Bond Resolution contains various covenants and security provisions, some of which are summarized below. Wherever particular provisions of the Bond Resolution are referred to, such provisions are incorporated by reference as a part of the statements made, and the statements made are qualified in their entirety by such reference. Reference is made to the Bond Resolution for a full and complete statement of its provisions. Words and terms used in this summary that are not defined in the Bond Resolution shall have the meanings as in the Bond Resolution. Upon written request, the District Business Manager will provide an electronic copy of the Bond Resolution. The District Business Manager's address is 618 E 1250 N Shelley, ID 83274.

Additional Definitions

Among the more significant definitions not heretofore defined are the following:

Operation and Maintenance Expenses or any phrase of similar import means all reasonable and necessary current expenses of the District, (except depreciation), paid or accrued, of operating, maintaining, and repairing the System or of levying, collecting, and otherwise administering the Net Revenues for the payment of the Bond; and the term includes (except as limited by contract or otherwise limited by law) without limiting the generality of the foregoing:

- (1) Engineering, auditing, reporting, legal, and other overhead expenses of the various District departments directly relating and reasonably allocable to the administration of the System;
- (2) Fidelity bonds and property and liability insurance premiums pertaining to the System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining thereto;
- (3) Payments to pension, retirement, health, and hospitalization funds and other insurance related to the System;
- (4) Any taxes, assessments, excise taxes, or other charges which may be lawfully imposed on the District, the System, revenues therefrom, or any privilege in connection with their operation;
- (5) The reasonable charges of the bond registrar, fiscal or paying agent, commercial bank, trust bank, or other depository bank pertaining to the Bond issued by the District or pertaining to the Project, if any;
- (6) Contractual services, professional services, salaries, other administrative expenses, and the cost of materials, supplies, repairs, and labor, pertaining to the issuance of the Bond and to the ordinary operation of the System; and
- (7) All other administrative, general, and commercial expenses of the System.

Revenue of the System means all revenues received by the District from its System and may include, at the discretion of the District, moneys derived from one, all, or any combination of revenue sources pertaining to the System, including, without limitation, rates, charges, rents, connection fees, other fees, and any other income derived from the operation or ownership of, the use of services of, or the availability of or services pertaining to, or otherwise derived in connection with, the System or all or any part of any property pertaining to the System.

System means the sanitary wastewater system of the District, as the same now exists, including its assets, real and personal, tangible and intangible, and as it may later be added to, extended, and improved, and shall include buildings, structures, utilities, or other income producing wastewater facilities from the operation of or in connection with which the revenues of the payment of the Bond to be issued hereunder will be derived, and the lands pertaining thereto.

Additional Covenants

In addition to the rate covenant heretofore described, the District further covenants and agrees.

- (1) Neither the System, nor any part thereof, nor any of the Revenues derived from the System, have been or will be hypothecated, mortgaged, or otherwise pledged or encumbered, save and except as disclosed and provided for in the Bond Resolution.
- (2) The District will not furnish or supply any service furnished by or in connection with the System free of charge, to any firm or corporation, public or private, and the District will enforce the payment of any and all amounts owed the District by reason of the System.
- (3) The District will perform all duties with reference to the System required by the Constitution and statutes of the State of Idaho, and the District will not pledge, mortgage or otherwise encumber the System or any part thereof, or any Revenues therefrom, except in the manner authorized by the Bond Resolution, and it will not sell, lease or dispose of any substantial portion of the System until all Bonds shall be paid in full, or unless and until provision shall have been made for the payment of all Bonds and the interest thereon in full, and the District further obligates itself to maintain in good condition and to operate the System, and to collect and charge such rates for the services and facilities of the System, so that the Revenues of the System will be sufficient at all times to meet the requirements of the Bond Resolution.

Annual Budget

- (a) The District in each fiscal year shall adopt a budget for the System which shall fully reflect all sums to be expended or disposed of for the System during the next ensuing fiscal year. Such expenditures shall be detailed in a manner substantially in accordance with the practice followed by private business companies, and, in any event, shall be itemized to the extent necessary to show:
 - (i) The sums required to be placed in the Debt Service Fund for interest payments;
 - (ii) The sums required to be placed in the Debt Service Fund for principal payments;
 - (iii) All payments to be made to the Debt Service Reserve Fund;
 - (iv) All other payments to be made for Expenses of Operating and Maintaining the System; and

- (v) All sums to be allocated to the Rate Stabilization Fund.
- (b) Upon the adoption of each Annual Budget, copies thereof shall be forwarded to the Trustee, the Purchaser of any Series of the Bonds and to any Bondholder who shall have requested in writing that he receive a copy thereof. The Annual Budget may be amended by the District at any time during a fiscal year.
- (c) In the event an Annual Budget is not adopted with respect to any fiscal year, then the Annual Budget of the immediately preceding fiscal year shall be deemed the Annual Budget for such fiscal year until an Annual Budget is adopted for such fiscal year in accordance with the provisions hereof.

Events of Default

The following constitute Events of Default under the Bond Resolution:

- (a) Default by the District in the due and punctual payment of any interest on any Bond; or
- (b) Default by the District in the due and punctual payment of the principal of any Bond (or premium, if any), whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon any mandatory redemption date; or
- (c) Subject to the provisions of Section 9.10 hereof, Default in the performance or observance of any other of the covenants, agreements, or conditions on the part of the District in the Resolution or in the Bonds contained; or
- (d) If a court having jurisdiction over the premises shall enter a decree or order for relief in respect of the District in an involuntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the District or for any substantial part of its property, or ordering the winding up or liquidation of its affairs and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or
- (e) If the District shall commence a voluntary case under any applicable bankruptcy, insolvency, reorganization or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the District or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, shall admit in writing its inability to pay its debts that become due or shall take any action in furtherance of any of the foregoing.

Remedies

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of Bonds Outstanding shall, by notice in writing to the District, declare all Bonds Outstanding immediately due and payable; and such Series of Bonds shall become and be immediately due and payable.

Upon the occurrence of an Event of Default, the Trustee may make application for the appointment of a receiver to administer and operate the System. Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the Holders

of not less than 25% in aggregate principal amount of the Bonds Outstanding shall, take one or more of the following actions as it may deem advisable:

- (i) By mandamus or other suit, action or proceedings at law or in equity, enforce the rights of the Bondholders against the District, and any of their officers, agents and employees and require and compel the District, or such officer, agent or employee to perform and carry out its or his duties and obligations under the Act and the Resolution and its or his covenants or agreements with the Bondholders;
- (ii) By action or suit in equity bring suit to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders; and
- (iii) Bring suit upon the Bonds.

Application of Moneys

- (a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Bond Resolution shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities, and advances incurred or made by the Trustee, be deposited in the Debt Service Fund and all moneys in the Debt Service Fund shall be applied as follows:

First--To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second--To the payment of the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Resolution), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full principal of and premium, if any, on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege; and

Third--To the payment to the persons entitled thereto of interest at the penalty rate on all past due installments of principal and interest from their respective due dates and, if the amount available shall not be sufficient to pay in full the whole amount of interest so due, then to the payment ratably, according to the amount of interest then due, to the persons entitled thereto without any discrimination or privilege and without any distinction between interest on past due interest and interest on past due principal.

- (b) Whenever moneys are to be applied pursuant to the provisions of Section 9.05 of the Bond Resolution, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date

more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

- (c) Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of _____ and all expenses and charges of the Trustee shall have been paid, any balance remaining in the Debt Service Fund shall be paid to the Gross Revenue Fund.

Amending and Supplementing the Bond Resolution

With the consent of the Holders of not less than a majority in principal amount of the Bonds then Outstanding, the District from time to time and at any time may adopt a resolution for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Bond Resolution, or modifying or amending the rights and obligations of the District under the Bond Resolution, or modifying or amending in any manner the rights of the Holders of the Bonds then Outstanding; provided, however, that, without the specific consent of the Holder of each such Bond which would be affected thereby, no Supplemental Resolution amending or supplementing the provisions of the Bond Resolution shall: (i) change the fixed maturity date of any Bond or the dates for the payment of interest thereon or the terms of the redemption thereof, or reduce the principal amount of any Bond or the rate of interest thereon or the redemption price (or the redemption premium) payable upon the redemption or prepayment thereof; (ii) reduce the percentage of Bonds, the Holders of which are required to consent to any Supplemental Resolution amending or supplementing the provisions of the Bond Resolution; (iii) give to any Bond or Bonds any preference over any other Bond or Bonds secured by the Bond Resolution; (iv) authorize the creation of any pledge of the Revenues prior, superior or equal to the pledge of and lien and charge thereon created by the Bond Resolution for the payment of the Bonds; or (v) deprive any Holder of the Bonds of the lien on the Revenues afforded by the Bond Resolution.

Defeasance

The obligations of the District under the Bond Resolution shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be outstanding thereunder when payment of the principal of and the applicable redemption premium, if any, on such Bond plus interest to the due date thereof (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee therefor in trust irrevocably appropriated and set aside exclusively for such payment (i) moneys sufficient to make such payments or (ii) non-callable direct general obligations of the United States, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and, except for the purposes of such payment, such Bond shall no longer be secured by or entitled to the benefits of the Bond Resolution; provided that, with respect to Bonds to be redeemed or otherwise prepaid prior to the stated maturities thereof, notice of such redemption or prepayment shall have been given or irrevocable provision shall have been made for the giving of such notice.

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the EASTERN IDAHO REGIONAL SEWER DISTRICT, IDAHO (the “District”), a special purpose district organized and existing under the laws of the State of Idaho, in connection with the issuance of the \$36,075,000 Eastern Idaho Regional Sewer District, Idaho, Sewer Revenue Bonds, Series 2024 (the “Series 2024 Bonds”). The District hereby agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Beneficial Owners of the Series 2024 Bonds and in order to assist the Participating Underwriter (defined below) in complying with Rule 15c2-12(b)(5) under the Securities and Exchange Act of 1934.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Disclosure Representative” shall mean the District Manager of the District or his or her designee, or such other officer or employee as the District shall designate in writing from time to time.

“Dissemination Agent” shall mean an agent appointed in accordance with Section 7 herein.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Official Statement” shall mean the official statement of the District dated _____, 2024, prepared in connection with the issuance of the Series 2024 Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Series 2024 Bonds required to comply with the Rule in connection with offering of the Series 2024 Bonds, as indicated to the District.

“Repository” shall mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Idaho.

SECTION 3. Provision of Annual Reports.

- (a) The District shall, or shall cause the Dissemination Agent to, provide to the Repository within seven months after the end of the District's fiscal year (presently June 30), commencing with the Fiscal Year ending June 30, 2024, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).
- (b) If the Annual Report has not been provided to the Repository by the date required in subsection (a) above, the District shall send a notice to the Repository in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

- (a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board (or if not in conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information). If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- (b) To the extent such items are not included in the financial statements referred to in subsection (a) above, the financial and statistical data of the District as of a date not earlier than the end of the preceding fiscal year for the type of information included in the tables contained in the Official Statement under the headings "DESCRIPTION OF THE EASTERN IDAHO REGIONAL SEWER DISTRICT — Largest Customers" and "Summary of Revenues and Expenses."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or filed with the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Repository. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

The District shall give, or cause to be given, in a timely manner, to the Repository notice of the occurrence of any of the following events with respect to the Series 2024 Bonds, within ten business days of the occurrence thereof:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;
7. modifications to rights of Holders of the Series 2024 Bonds, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Series 2024 Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the obligated person; Note to Section 5(12): For the purposes of the event described in Section 5(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;
13. consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. appointment of a successor or additional trustee, or the change of name of a trustee, if material;
15. incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; or
16. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2024 Bonds. If such termination occurs prior to the final maturity of the Series 2024 Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist in carrying out the obligations of the District under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement.

SECTION 8. Amendment and Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person (within the meaning of the Rule) with respect to the Series 2024 Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2024 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2024 Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Beneficial Owners of the Series 2024 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which

is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, the Beneficial Owners of the Series 2024 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, the Participating Underwriter and Beneficial Owners from time to time of the Series 2024 Bonds and shall create no rights in any other person or entity.

Dated:

EASTERN IDAHO REGIONAL SEWER DISTRICT

By: _____

Chairman

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Eastern Idaho Regional Sewer District, Idaho

Name of Bond Issue: \$_____ Sewer Revenue Bonds, Series 2024

Date of Issuance:

NOTICE IS HEREBY GIVEN that the Eastern Idaho Regional Sewer District, Idaho has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement dated June 26, 2024. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

EASTERN IDAHO REGIONAL SEWER DISTRICT

(UPDATED) PROJECT BUDGET

EASTERN IDAHO REGIONAL SEWER DISTRICT

PROPOSED BUDGET FOR FISCAL YEAR 2023-2024

NOTICE IS HEREBY GIVEN that a public hearing for consideration of EIRSD's (Eastern Idaho Regional Sewer District) proposed budget for the fiscal period October 1, 2023 to September 30, 2024, pursuant to the provisions of Section 50-1002, Idaho Code. The hearing will be held at EIRSD conference room located at 618 E 1250 N, Shelley, Idaho, at 9:00 a.m., on May 16 2023. All interested persons are invited to appear and show cause, if any, why such budget should or should not be adopted. The proposed budget may be viewed at EIRSD's main office located at 618 E 1250 N, Shelley, ID during normal office hours (8:00 a.m. to 4:00 p.m.). EIRSD is accessible to persons with disabilities. Anyone desiring accommodations for disabilities must contact EIRSD at least 48 hours prior to the public hearing at (208) 357-1839.

EXPENDITURES

	FY22 Budget Expenditures	FY23 Budget Expenditures	FY24 Budget Expenditures
TOTAL GENERAL FUND			
Auto Expenses	9,500.00	8,500.00	12,100.00
Contract Services	112,292.00	106,600.00	230,600.00
Insurance	38,027.00	40,000.00	45,000.00
Office Operations	6,025.00	10,890.00	19,150.00
Payroll Expenses	402,456.00	397,712.50	538,810.00
Plant Operations	230,230.00	333,398.99	456,100.00
Repair & Maintenance	279,000.00	278,000.00	241,190.20
Idaho Supremacy Reporting	14,000.00	14,000.00	14,000.00
Travel and Meetings	3,000.00	5,500.00	10,000.00
Utilities	202,826.00	218,629.41	328,225.00
Farm Expense		10,000.00	10,000.00
Total Expense	1,297,356.00	1,423,230.90	1,905,175.20
Other Expense			
Reserve Funds			
Water Reuse Permit			10,000.00
Vehiclet Replacement		59,000.00	
Sludge Truck Replacement			250,000.00
Membrane Replacement		693,427.00	
Capacity Expansion	2,500,000.00	2,500,000.00	30,005,000.00
Yard Pipe & Chem Sys		50,000.00	197,310.00
District Formation	50,000.00	50,000.00	15,000.00
Phosphorous/Water Recharge Project Expenses	693,427.00	693,427.00	
Water Recharge Expenses	0.00	75,000.00	
Total Reserve Funds	3,243,427.00	4,120,854.00	30,477,310.00

REVENUES

	FY22 Proposed ** Revenues	FY23 Proposed ** Revenues	FY24 Proposed ** Revenues
Sewer Fund	1,296,356.00	1,423,230.90	1,905,175.20
CONTINGENCY FUND - RESERVE FUNDS			
Water Reuse Permit			10,000.00
Yard Pipe & Chem Sys			197,310.00
District Formation			15,000.00
Membrane Replacement		693,427.00	
Curtailment Connections			1,111,785.24
Capital Improvements	2,500,000.00	8,231,709.28	30,005,000.00
Equipment Replacement	45,000.00	59,000.00	250,000.00
Total Revenue	3,841,356.00	10,407,367.18	33,494,270.44

***Includes accumulated fund balances (contingency).**

Contingency includes funding for unforeseen emergencies, future capital improvement plans, and allows EIRSD to operate on a cash basis. Government accounting practices recommend a contingency in each fund to maintain a financially sound budget.

****Includes carry over fund balances from prior fiscal years.**

Funds are carried over each year for over estimated expenditures and savings for future capital improvement projects. These funds are used for contingency items.

The proposed expenditures and revenues for FY 2023-2024 have been tentatively approved by the Board of Directors.

DATED THIS 25th day of April 2023

Published in the the Post Register the weeks of April 28 & May 5, 2023

APPENDIX I

SERVICE AND BILLING AGREEMENTS OF THE CITIES OF AMMON AND SHELLEY

SERVICE AND BILLING AGREEMENT

This Service and Billing Agreement ("Agreement") is entered into this 31 day of October, 2023, by and between the City of Ammon, an Idaho municipality ("City") and the Eastern Idaho Regional Sewer District, a sewer district authorized under the laws of the State of Idaho ("District"), and hereby agree as follows:

BACKGROUND

- A. The City in conjunction with the City of Shelley entered into a Joint Powers Agreement to create the Eastern Idaho Regional Waste Water Association ("EIRWWA") to provide sewer services for customers residing in the respective cities.
- B. In order to fund the construction of the Sewer Processing Facility ("Facility") the City issued bonds ("Sewer Bonds").
- C. The District was created by voter approval and consistent with Idaho law to replace EIRWWA.
- D. The District is in the process of, or has already been assigned, the assets of EIRWWA and is, or is in the process of, assuming the liability for the Sewer Bonds.
- E. Historically the City has collected the fees for the sewer service and has remitted those fees to EIRWWA and/or the District.
- F. The parties desire to enter into this Agreement confirming that the City will continue to collect and remit fees to the District and the District will provide sewer services to future users located in the City.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Sewer Processing Services.** The District agrees to accept sewage and wastewater from residential and commercial end users located within the City and to process the sewage and waste water at the District's Sewer Facility. As long as the Sewer Facility has available capacity, the District shall allow end users from the City to connect and utilize the District's Sewer Facility.

2. **Collection of Sewer Fee.** As compensation for providing the services set forth in Paragraph 1 above, the District shall establish a fee that will be charged to end users located within the City to allow the end user to access the District's sewer service ("Sewer Fee"). The Sewer Fee shall be subject to change as determined by the District and the City agrees to bill and collect the Sewer Fee from the end user and to timely remit to the District such amounts collected from end users. At the point in time when the District in its sole discretion, determines it has the capability and deems it feasible, the District may transition to billing the City end users directly for all District fees.

3. **Exclusive Use.** So long as the District has available capacity, City agrees to use the District as its exclusive provider for the disposal and processing of sewage and wastewater. The requirement that the City exclusively use the District for sewage and wastewater treatment does not apply either to (1) to property within to the Iona-Bonneville Sewer District located within the City, or (2) property on 14th North that flow and are serviced by the City of Idaho Falls. The City may revert the sewage and wastewater from the property on 14th North to the District at such point the City and District agree.

4. **Payment of Reserve Funds.**

a. **Payment of Capital Replacement Fees.** The City will pay over to the District any reserve funds they have collected from end users for Capital Replacement regardless of whether those fees were collected for EIRWWA or for the District.

b. **Payment of Debt Service Reserve Fund.** The City will pay over to the District the Debt Service Reserve Fund ("DSRF") that was created as a condition of issuance of the Sewer Bonds.

c. **Repayment of DSRF.** The City claims to have funded the DSRF from separate savings accumulated by the City instead of funds collected from end users. If the City is able to provide documentation to prove that the DSRF was paid from the City and not end users, the District agrees to return the DSRF to the City together with any interest income that may be accrued from the DSRF once the Sewer Bonds have been paid in full. Should the District determine the DSRF was paid from City funds and the District has adequate funding to cover all obligations including but not limited to, debt service payments, expansion, maintenance, repairs, and operating costs, prior to the retirement of the DEQ loan that is being transferred to the District from the City; the District board may at its own discretion, choose to transfer to the City an amount equal to the DSRF. Should the District choose to do this, the City waives any and all rights to the DSRF. The District will remit to the City annually any accrued interest generated from the DSRF up until the bonds are paid in full.

5. **Transfer and Payment of Sewer Bonds.** The City does hereby transfer and assign to the District the Sewer Bonds and the District agrees to use the Sewer Fee collected and paid over to the District pursuant to Paragraph 2 of this Agreement to make all payment on the Sewer Bonds.

6. **End User Payment Defaults.** In the event any end user fails to pay a Sewer Fee, the City and the District shall work together to identify policies and procedures for the collection of those fees and/or termination of any services.

7. **Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and the successors and assigns of the parties.

8. **Pronouns.** Any masculine personal pronoun shall be considered to mean the corresponding feminine or neuter personal pronoun, as the context requires.

9. **Law Governing.** This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, United States of America.

10. **Titles and Captions.** All section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor affect the interpretation of this Agreement.

11. **Presumption.** This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.

12. **Further Action.** The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of the Agreement.

13. **Parties in Interest.** Nothing herein shall be construed to be to the benefit of any third party, nor is it intended that any provision shall be for the benefit of any third party.

14. **Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and negotiations between the parties. There are no representations, warranties, understandings or agreements other than those expressly set forth herein.

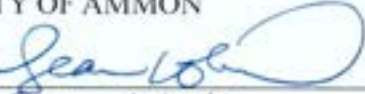
15. **Severability.** If and to the extent that any court of competent jurisdiction holds any provision or any part of this Agreement to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement.

16. **Attorney's Fees.** In the event there is a default under this Agreement, and it becomes necessary for either party to employ the services of any attorney in connection therewith, either with or without litigation, the losing or breaching party to the controversy arising out of the default shall pay to the prevailing party a reasonable attorney's fee and, in addition, such costs and expenses as are incurred in enforcing this Agreement.

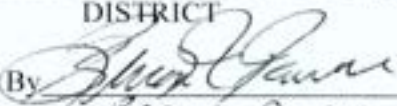
17. **Survival.** Any of the terms and covenants in this Agreement which require the performance of either party after Closing shall survive the Closing.

18. **Modification of Agreement.** This Agreement shall only be modified by an instrument in writing, signed on behalf of each party.

CITY OF AMMON

By: 
Sean Coletti
Its: Mayor

EASTERN IDAHO REGIONAL SEWER
DISTRICT

By: 
Brian Powell
Its: President

SERVICE AND BILLING AGREEMENT

This Service and Billing Agreement ("Agreement") is entered into this 24th day of October, 2023, by and between the City of Shelley, an Idaho municipality ("City") and the Eastern Idaho Regional Sewer District, a sewer district authorized under the laws of the State of Idaho ("District"), and hereby agree as follows:

BACKGROUND

- A. The City in conjunction with the City of Ammon entered into a Joint Powers Agreement to create the Eastern Idaho Regional Waste Water Association ("EIRWWA") to provide sewer services for customers residing in the respective cities.
- B. In order to fund the construction of the Sewer Processing Facility ("Facility") the City issued bonds ("Sewer Bonds").
- C. The District was created by voter approval and consistent with Idaho law to replace EIRWWA.
- D. The District is in the process of, or has already been assigned, the assets of EIRWWA and is, or is in the process of, assuming the liability for the Sewer Bonds.
- E. Historically the City has collected the fees for the sewer service and has remitted those fees to EIRWWA and/or the District.
- F. The parties desire to enter into this Agreement confirming that the City will continue to collect and remit fees to the District and the District will provide sewer services to future users located in the City.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the amount and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Sewer Processing Services.** The District agrees to accept sewage and wastewater from residential and commercial end users located within the City and to process the sewage and waste water at the District's Sewer Facility. As long as the Sewer Facility has available capacity, the District shall allow end users from the City to connect and utilize the District's Sewer Facility.

2. **Collection of Sewer Fee.** As compensation for providing the services set forth in Paragraph 1 above, the District shall establish a fee that will be charged to end users located within the City to allow the end user to access the District's sewer service ("Sewer Fee"). The Sewer Fee shall be subject to change as determined by the District and the City agrees to bill and collect the Sewer Fee from the end user and to timely remit to the District such amounts collected from end users. At the point in time when the District in its sole discretion, determines it has the capability

and deems it feasible, the District may transition to billing the City end users directly for all District fees.

3. **Exclusive Use.** So long as the District has available capacity, City agrees to use the District as its exclusive provider for the disposal and processing of sewage and wastewater.

4. **Payment of Reserve Funds.**

a. **Payment of Capital Replacement Fees.** The City will pay over to the District any reserve funds they have collected from end users for Capital Replacement regardless of whether those fees were collected for EIRWWA or for the District.

b. **Payment of Debt Service Reserve Fund.** The City will pay over to the District the Debt Service Reserve Fund ("DSRF") that was created as a condition of issuance of the Sewer Bonds.

c. **Repayment of DSRF.** The City claims to have funded the DSRF from separate savings accumulated by the City instead of funds collected from end users. If the City is able to provide documentation to prove that the DSRF was paid from the City and not end users, the District agrees to return the DSRF to the City together with any interest income that may be accrued from the DSRF once the Sewer Bonds have been paid in full. Should the District determine the DSRF was paid from City funds and the District has adequate funding to cover all obligations including but not limited to, debt service payments, expansion, maintenance, repairs, and operating costs, prior to the retirement of the DEQ loan that is being transferred to the District from the City; the District board may at its own discretion, choose to transfer to the City an amount equal to the DSRF. Should the District choose to do this, the City waives any and all rights to the DSRF. The District will remit to the City annually any accrued interest generated from the DSRF up until the bonds are paid in full.

5. **Transfer and Payment of Sewer Bonds.** The City does hereby transfer and assign to the District the Sewer Bonds and the District agrees to use the Sewer Fee collected and paid over to the District pursuant to Paragraph 2 of this Agreement to make all payment on the Sewer Bonds.

6. **End User Payment Defaults.** In the event any end user fails to pay a Sewer Fee, the City and the District shall work together to identify policies and procedures for the collection of those fees and/or termination of any services.

7. **Binding Effect.** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto, and the successors and assigns of the parties.

8. **Pronouns.** Any masculine personal pronoun shall be considered to mean the corresponding feminine or neuter personal pronoun, as the context requires.

9. **Law Governing.** This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, United States of America.

10. **Titles and Captions.** All section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor affect the interpretation of this Agreement.
11. **Presumption.** This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.
12. **Further Action.** The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of the Agreement.
13. **Parties in Interest.** Nothing herein shall be construed to be to the benefit of any third party, nor is it intended that any provision shall be for the benefit of any third party.
14. **Entire Agreement.** This Agreement contains the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and negotiations between the parties. There are no representations, warranties, understandings or agreements other than those expressly set forth herein.
15. **Severability.** If and to the extent that any court of competent jurisdiction holds any provision or any part of this Agreement to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement.
16. **Attorney's Fees.** In the event there is a default under this Agreement, and it becomes necessary for either party to employ the services of any attorney in connection therewith, either with or without litigation, the losing or breaching party to the controversy arising out of the default shall pay to the prevailing party a reasonable attorney's fee and, in addition, such costs and expenses as are incurred in enforcing this Agreement.
17. **Survival.** Any of the terms and covenants in this Agreement which require the performance of either party after Closing shall survive the Closing.
18. **Modification of Agreement.** This Agreement shall only be modified by an instrument in writing, signed on behalf of each party.

CITY OF SHELLEY

By 

Its: Mayor

EASTERN IDAHO REGIONAL SEWER
DISTRICT

By 

Its: President

CITIES LOAN AGREEMENTS

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY WASTEWATER
REASSIGNMENT OF LOAN OFFER AGREEMENT

Amendment No. 4 to the Loan Offer Agreement (Agreement), Project Number 1899-22, between the Idaho Department of Environmental Quality (DEQ) and the City of Ammon.

TO BE ATTACHED AND MADE PART OF the above referenced Agreement.

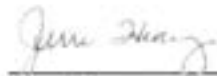
MODIFICATIONS TO LOAN OFFER #1899-22

The initial Borrower, City of Ammon, is reassigning their interest to the Eastern Idaho Regional Sewer District and the loan will be assumed by the Eastern Idaho Regional Sewer District. The Department has determined that the Eastern Idaho Regional Sewer District (Borrower) has established eligibility for a loan under the terms of Title 39, Chapter 36, Idaho Code and IDAPA 58.01.12, the Idaho Rules for Administration of Wastewater and Drinking Water Loan Funds.

THE DEQ AND THE EASTERN IDAHO REGIONAL SEWER DISTRICT AGREE TO AMEND THE AGREEMENT AS FOLLOWS:

1. Section II.B., Name and Address of Borrower: The original loan accepted by the City of Ammon on November 16, 2006, is now being reassigned to the Eastern Idaho Regional Sewer District. By accepting this amendment, the Borrower accepts all terms and conditions outlined in the original loan offer/agreement and subsequent amendments (attached).

Dated this 5th day of October 2023.



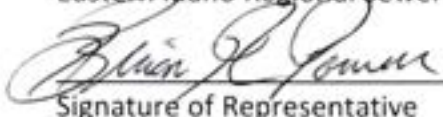
Jerri Henry

Drinking Water Protection and Finance Division Administrator
Department of Environmental Quality

This Amendment shall become effective upon acceptance by the Eastern Idaho Regional Sewer District and must be accepted, if at all, on or before 60 days from the date of this DEQ amended loan offer. If the Eastern Idaho Regional Sewer District finds the Amendment acceptable, it shall sign the document and return it to DEQ.

ALL OTHER CONDITIONS AND TERMS IN THE ORIGINAL AGREEMENT REMAIN THE SAME.

Eastern Idaho Regional Sewer District



Signature of Representative

Date

11-7-2023

Brian Powell - President

Name and Title of Representative

**PROMISSORY NOTE
WASTEWATER FACILITY LOAN ACCOUNT**

This Promissory Note is executed in conformance with and pursuant to the Wastewater Loan Contract 1899-22 entered into between the Eastern Idaho Regional Sewer District (Borrower) and the State of Idaho, Department of Environmental Quality (DEQ). The amended agreement is necessitated by the initial Borrower (City of Ammon) having reassigned their interest to the new Borrower Eastern Idaho Regional Sewer District.

For value received, Borrower promises to pay to DEQ the principal amount of sixteen million fourteen thousand two hundred thirteen dollars and sixty-eight cents (\$16,014,213.68), plus interest on the unpaid balance at the rate of two and a quarter percent (2.25%) per annum. The principal and interest of this note shall be repaid in accordance with the Loan Repayment Schedule, which is attached as Appendix A and hereby incorporated by reference. In addition, the Borrower pledges revenue and income of the Borrower's wastewater treatment facility, whether collected or uncollected, in an amount sufficient to repay all principal and interest. The Borrower pledges to establish and maintain a reserve account equal to one million eighteen thousand five hundred seventy-five dollars and fourteen cents (\$1,018,575.14). The reserve account will be fully funded within ten years from the date this note is signed with at least ten percent of the reserve account funded each year.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal. Refunds and extra payments, after payment of interest, will be applied to the installments last to become due under this note and shall not affect the obligation of the Borrower to pay the remaining installments as scheduled herein.

If DEQ at any time assigns this note and insures the payment thereof, the Borrower shall continue to make payments to DEQ as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall note in its records the occurrence of such assignment, together with the name and address of the assignee.

Any amount advanced or expended by DEQ for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of DEQ shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to DEQ without demand.

This note is given as evidence of a loan to Borrower made or insured by DEQ pursuant to IDAPA 58 Title 1, Chapter 12. This note shall be subject to the present regulations of DEQ and to its future regulations consistent with the express provisions hereof.

Presentment, protest and notice are hereby waived.

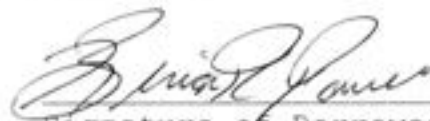
Loan payments shall be sent to:

Idaho Department of Environmental Quality
1410 North Hilton
Boise, Idaho 83706-1253

Dated this 31 day of October 2023.

(SEAL)

Eastern Idaho Regional Sewer District
Name of Borrower



Signature of Borrower's

Official

ATTEST:

PRESIDENT

Title of Borrower's Official


Signature of Attesting Official

618 E 1250 N
P.O. Box or Street Address

Attorney to the EIRSD Board
Title of Attesting Official

SHLEET, IDAHO 83274
City, State, Zip code

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY WASTEWATER
REASSIGNMENT OF LOAN OFFER AGREEMENT

Amendment No. 1 to the Loan Offer Agreement (Agreement), Project Number 1899-20, between the Idaho Department of Environmental Quality (DEQ) and the City of Shelley.

TO BE ATTACHED AND MADE PART OF the above referenced Agreement.

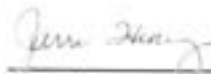
MODIFICATIONS TO LOAN OFFER #1899-20

The initial Borrower, City of Shelley, is reassigning their interest to the Eastern Idaho Regional Sewer District and the loan will be assumed by the Eastern Idaho Regional Sewer District. The Department has determined that the Eastern Idaho Regional Sewer District (Borrower) has established eligibility for a loan under the terms of Title 39, Chapter 36, Idaho Code and IDAPA 58.01.12, the Idaho Rules for Administration of Wastewater and Drinking Water Loan Funds.

THE DEQ AND THE EASTERN IDAHO REGIONAL SEWER DISTRICT AGREE TO AMEND THE AGREEMENT AS FOLLOWS:

1. Section II.B., Name and Address of Borrower: The original loan accepted by the city of Shelley on May 20, 2008, is now being reassigned to the Eastern Idaho Regional Sewer District. By accepting this amendment, the Borrower accepts all terms and conditions outlined in the original loan offer/agreement (attached).

Dated this 5th day of October 2023.

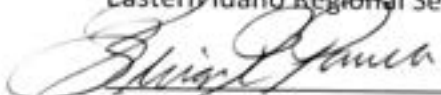


Jerri Henry
Drinking Water Protection and Finance Division Administrator
Department of Environmental Quality

This Amendment shall become effective upon acceptance by the Eastern Idaho Regional Sewer District and must be accepted, if at all, on or before 60 days from the date of this DEQ amended loan offer. If the Eastern Idaho Regional Sewer District finds the Amendment acceptable, it shall sign the document and return it to DEQ.

ALL OTHER CONDITIONS AND TERMS IN THE ORIGINAL AGREEMENT REMAIN THE SAME.

Eastern Idaho Regional Sewer District



Signature of Representative

Date

11-7-2023

BRIAN POWELL PRESIDENT
Name and Title of Representative

**PROMISSORY NOTE
WASTEWATER FACILITY LOAN ACCOUNT**

This Promissory Note is executed in conformance with and pursuant to the Wastewater Loan Contract 1899-20 entered into between the *Eastern Idaho Regional Sewer District* (Borrower) and the State of Idaho, Department of Environmental Quality (DEQ). The amended agreement is necessitated by the initial Borrower (City of Shelley) having reassigned their interest to the new Borrower (Eastern Idaho Regional Sewer District).

For value received, Borrower promises to pay to DEQ the principal amount of *three million seven hundred ninety thousand two hundred twenty-three dollars and sixty-four cents* (\$3,790,223.64), plus interest on the unpaid balance at the rate of two percent (2.00%) per annum. The principal and interest of this note shall be repaid in accordance with the Loan Repayment Schedule, which is attached as Appendix A and hereby incorporated by reference. In addition, the Borrower pledges revenue and income of the Borrower's wastewater treatment facility, whether collected or uncollected, in an amount sufficient to repay all principal and interest. The Borrower pledges to establish and maintain a reserve account equal to four hundred eighty-seven thousand seven hundred seventeen dollars and forty cents (\$484,717.40). The reserve account will be fully funded within ten years from the date this note is signed with at least ten percent of the reserve account funded each year.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal. Refunds and extra payments, after payment of interest, will be applied to the installments last to become due under this note and shall not affect the obligation of the Borrower to pay the remaining installments as scheduled herein.

If DEQ at any time assigns this note and insures the payment thereof, the Borrower shall continue to make payments to DEQ as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall note in its records the occurrence of such assignment, together with the name and address of the assignee.

Any amount advanced or expended by DEQ for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of DEQ shall become a part of and

bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to DEQ without demand.

This note is given as evidence of a loan to Borrower made or insured by DEQ pursuant to IDAPA 58 Title 1, Chapter 12. This note shall be subject to the present regulations of DEQ and to its future regulations consistent with the express provisions hereof.

Presentment, protest and notice are hereby waived.

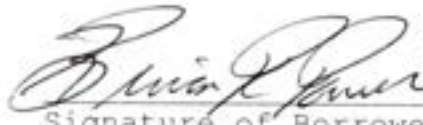
Loan payments shall be sent to:

Idaho Department of Environmental Quality
1410 North Hilton
Boise, Idaho 83706-1253

Dated this 31 day of October 2023.

(SEAL)

Eastern Idaho Regional Sewer District
Name of Borrower



Signature of Borrower's Official

PRESIDENT

Title of Borrower's Official

618 E 1250 N

P.O. Box or Street Address

SHELLEY, IDAHO 83274

City, State, Zip Code

ATTEST:



Signature of Attesting Official

Attorney to the EIRSD Board

Title of Attesting Official