Annual Burley Development Authority report to the Burley City Council for 2023-2024

This report is required by Idaho Code 50-2006 which states:

"(c) An agency authorized to transact business and exercise powers under this chapter shall file, with the local governing body, on or before March 31 of each year a report of its activities for the preceding calendar year, which report shall include the financial data and audit reports required under sections 67-1075 and 67-1076 Idaho Code. The agency shall be required to hold a public meeting to report these findings and take comments from the public. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the municipality and the state controller and that the report is available for inspection during business hours in the office of the city clerk or county recorder, in the office of the agency, and at all times on the website of the state controller."

The audited financial statement is an attachment to this report and shows all revenues, expenditures, assets and Liabilities. The Burley development Authority exists to help create jobs by assisting project developers with infrastructure costs. Once the infrastructure is developed, it is turned over to the City of Burley for operation and maintenance. The City of Burley most of the time applies for grants to assist in the infrastructure development. The successful development of projects requires the partnership between the City of Burley, the Burley Development Authority, and others including the State Department of Commerce, Region IV Development (recently renamed Frontier Community Resources) and other State and Community organizations.

Current Projects

The only current active project is the new expansion phase of DOT Foods. There are other projects in the concept stages but nothing moving forward at this time.

Completed Projects

Since inception the Burley Development Authority has assisted in the following projects:

Pacific Ethanol –Now ALTO, Packaging Specialties, DOT Foods, Standridge Colors,

Fairfield Inn, Gossner's, Gem State Processing, Fabri-Kal-Now Pactiv Evergreen,

High Desert, Dow- now Dupont, McCains Expansion, Legend Seating, Rivergate Crossing

and multiple affordable housing projects throughout Burley.

BURLEY DEVELOPMENT AUTHORITY

Basic Financial Statements

September 30, 2024

BURLEY DEVELOPMENT AUTHORITY

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
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Poulsen VanLeuven & Catmull PA

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Burley Development Authority
Burley, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Burley Development Authority, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority'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 and each major fund of Burley Development Authority as of September 30, 2024, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the Authority'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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

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collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2025 on our consideration of the Authority'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 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 Authority's internal control over financial reporting and compliance.

Poulsen VanLeuven & Catmull

Burley, Idaho
January 31, 2025

BURLEY DEVELOPMENT AUTHORITY

Statement of Net Position
September 30, 2024

	Governmental Activities
ASSETS	
Current assets:	
Cash & investments	$ 1,282,810
Receivables (net of allowances):	
Taxes	11,372
Miscellaneous	-
Prepaid expenses	-
Noncurrent assets:	
Lease Receivable	4,876,354
Restricted Cash - DL Evans bond reserve	888,335
Capital assets:	
Land	6,184,724
Other Capital Assets, Net of Depreciation	4,987,500
Total assets	18,231,095
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	34,099
Accrued interest payable	74,041
Current portion of bonds payable	1,528,092
Noncurrent liabilities:	
Bonds payable, net of current portion	22,406,061
Total liabilities	24,042,293
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - leases	4,555,700
Total liabilities	4,555,700
NET POSITION	
Net Investment in Capital Assets	6,052,224
Restricted for:	
Capital projects	-
Debt service	888,335
Unrestricted	(17,307,457)
Total Net Position	$ (10,366,898)

See accompanying notes to the financial statements.

BURLEY DEVELOPMENT AUTHORITY

Statement of Activities
For the Year Ended September 30, 2024

	Net Revenue (Expense) and Changes in Net Position
Governmental Activities:	
Expenses	
Agency administration	$ 81,071
Economic development support	4,659,000
Public facilities & infrastructure	542,334
Interest on long-term debt	372,655
Total Governmental Activities	5,655,060
General Revenues	
Property taxes	1,161,139
Other revenue	576,463
Investment earnings	28,872
Gain/(Loss) on sale of assets	-
Transfers	-
Total general revenues and transfers	1,766,474
Transfer completed infrastructure to City of Burley	-
Change in Net Position	(3,888,586)
Net Position Beginning of Year	(6,478,312)
Net Position End of Year	$ (10,366,898)

See accompanying notes to the financial statements.

BURLEY DEVELOPMENT AUTHORITY

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash and investments	$ 1,282,810
Receivables (net of allowances):	
Taxes	11,372
Miscellaneous	-
Prepaid expenses	$ -
Restricted Cash - DL Evans bond reserve	888,335
Total assets	$ 2,182,517
LIABILITIES	
Vouchers payable and accrued liabilities	$ 34,099
Total liabilities	34,099
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	10,566
Total deferred inflows of resources	10,566
FUND BALANCE	
Restricted for:	
Debt service	888,335
Unassigned	1,249,517
Total fund balance	2,137,852
Total liabilities, deferred inflows of resources, and fund balance	$ 2,182,517

See accompanying notes to the financial statements.

BURLEY DEVELOPMENT AUTHORITY

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
September 30, 2024

Total Governmental Fund Balances	$	2,137,852
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,172,224
Lease are recorded as lease receivables and deferred inflows of resources in the Statement of Net Position and are not report in the funds.		
Lease receivable		4,876,354
Deferred inflows of resources - leases		(4,555,700)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes		10,566
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term bonds and notes payable		(23,934,153)
Accrued interest payable		(74,041)
Net Position of Governmental Activities	$	(10,366,898)

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See accompanying notes to the financial statements.

BURLEY DEVELOPMENT AUTHORITY

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2024

	General Fund
Revenues:	
Taxes	$ 1,162,481
Rent and lease	414,747
Interest	28,872
Miscellaneous	103,706
Total revenues	1,709,806
Expenditures:	
Operating supplies	530
Insurance	3,478
Travel & meetings	237
Legal & Professional	76,806
Administrative service	20
Economic development support	4,659,000
Debt Service - Principal	1,216,631
Debt Service - Interest	393,634
Capital outlays	227,334
Total expenditures	6,577,670
Excess of revenues over (under) expenditures	(4,867,864)
Other financing sources (uses)	
Transfers in	-
Transfers out	-
Bond / loan proceeds	5,120,000
Proceeds from the sale of assets	1,369,983
Total other financing sources (uses)	6,489,983
Net change in fund balances	1,622,119
Fund balance - beginning	515,733
Fund balance - ending	$ 2,137,852

See accompanying notes to the financial statements.

BURLEY DEVELOPMENT AUTHORITY

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, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 1,622,119
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Fixed asset additions - purchased	$ -	
Fixed assets transferred to City of Burley	-	
Depreciation expense	(315,000)	
Excess of capital outlay over depreciation		(315,000)
In the governmental funds, lease payments received are considered income while on the statement of activities, lease payments reduce lease receivables and deferred inflows related to leases.		58,010
The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Proceeds from issuance of long-term debt		(5,120,000)
Repayment of loan principal		1,216,631
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include:		
(Increase)decrease in accrued interest on long-term debt		20,979
Basis in assets sold		(1,369,983)
Because some property taxes will not be collected for several months after the Authority's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in unavailable revenue.		(1,342)
Change in Net Position of Governmental Activities		$ (3,888,586)

See accompanying notes to the financial statements.

BURLEY DEVELOPMENT AUTHORITY

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Taxes	$ 1,545,000	$ 1,545,000	$ 1,162,481	$ (382,519)
Rent	423,000	423,000	414,747	
Interest	8,000	8,000	28,872	20,872
Miscellaneous	18,000	18,000	103,706	85,706
Total revenues	1,994,000	1,994,000	1,709,806	(275,941)
Expenditures:				
Operating supplies	5,000	5,000	530	4,470
Insurance	2,000	2,000	3,478	(1,478)
Travel & meetings	8,000	8,000	237	7,763
Legal & professional	40,000	40,000	76,806	(36,806)
Administrative service	15,000	15,000	20	14,980
Economic Development	9,500,000	9,500,000	4,659,000	4,841,000
Debt service - Principal	1,200,000	1,200,000	1,216,631	(16,631)
Debt service - Interest	268,200	268,200	393,634	(125,434)
Capital outlays	955,800	955,800	227,334	728,466
Contingency	-	-	-	-
Total expenditures	11,994,000	11,994,000	6,577,670	5,416,330
Excess (deficiency) of revenues over expenditures	(10,000,000)	(10,000,000)	(4,867,864)	5,132,136
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond / loan proceeds	10,000,000	10,000,000	5,120,000	(4,880,000)
Proceeds from the sale of capital assets	-	-	1,369,983	1,369,983
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	-	1,622,119	1,622,119
Fund balance - beginning	515,733	515,733	515,733	-
Fund balance - ending	$ 515,733	$ 515,733	$ 2,137,852	$ 1,622,119

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Burley Development Authority (BDA) have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the Agency are described below.

A. Reporting Entity

The Burley Development Authority (BDA) was organized December 23, 1998 as allowed by Idaho Code authorizing 'Urban Renewal Agencies'. The Agency is governed by a five person Board of Commissioners appointed by the Mayor of the City of Burley with the consent of the City Council. The Commissioners have governing responsibilities over all of the activities relating to the Burley Development Authority. The BDA is a separate and distinct legal entity authorized by state statute but does not have fiscal independence from the City.

As provided by the Idaho Code, the BDA uses tax revenue allocation financing to: encourage private development in the urban renewal area, prevent and arrest decay of the urban renewal area, encourage taxing Agencies to cooperate in the allocation of future tax revenues to facilitate the long-term growth of their common tax bases and other public purposes.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report all financial information of the Agency.

The statement of net position presents the financial condition of the governmental at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Agency's governmental activities. 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 with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

During the year, the Agency segregates transactions related to certain Agency functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The Agency has just one major fund.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

E. Fund Balance Classifications

Fund Balance Reserves - The Agency has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Agency to classify and report amounts in the appropriate fund balance classifications. The Agency's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The Agency reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the Agency can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Commissioners. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board of Commissioners. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the Agency's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the Agency Council have delegated the Agency to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Agency itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Agency has no deposit policy for custodial credit risk. At year end, $1,670,534 of the Agency's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk: The Agency's policy is to comply with Idaho State statutes which authorize the Agency to invest in obligations of the United States, obligations of the State or any taxing Agency in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing Agency in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Interest rate risk and concentration of credit risk: The Agency has no policy regarding these two investment risk categories.

G. Inventory

The Agency had no inventory at year end. Inventory would consist of expendable supplies held for consumption or use in the Agency's activities.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, lighting systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation are removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost 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.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

I. Long-Term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness including material liabilities associated with compensated absences.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

J. Budgets and Budgetary Accounting

The Agency follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the Agency submits to the Agency commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. At the regular council meeting before September 30, the tentative budget is submitted to the commissioners and cleared for publications and public comment.

3. A public hearing is held at the regular council meeting in September to obtain public comment. After public comment, the budget is finalized and legally adopted.

4. Revisions to the budget can only be made by court order, public hearing or certain emergencies as defined by law.

5. Formal budgetary integration is employed as a management control device during the year for all Funds of the Agency.

6. Encumbrance accounting is not used for budget purposes and appropriations lapse at year end.

K. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Agency because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

M. Application of Restricted or Unrestricted Resources

The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLES

The Agency has not experienced any significant loss of delinquent taxes receivable in past years and, therefore, does not consider it necessary to establish any allowance for uncollectible taxes receivable.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 9/30/2023	Addition	Deletion	Balance 9/30/2024
Governmental Activities				
Equipment	$ -	$ -	$ -	$ -
Buildings & improvements	6,300,000	-	-	6,300,000
Land (Non-depreciable)	7,554,707	-	(1,369,983)	6,184,724
Construction in Progress	-	-	-	-
Other	-	-	-	-
	13,854,707	-	(1,369,983)	12,484,724
Accumulated Depreciation:				
Equipment	-	-	-	-
Buildings & improvements	997,500	315,000	-	1,312,500
Other	-	-	-	-
	997,500	315,000	-	1,312,500
Net Book Value:				
Equipment	-	-	-	-
Buildings & improvements	5,302,500	(315,000)	-	4,987,500
Land (Non-depreciable)	7,554,707	-	(1,369,983)	6,184,724
Construction in Progress	-	-	-	-
Other	-	-	-	-
Total	$ 12,857,207	$ (315,000)	$ (1,369,983)	$ 11,172,224

NOTE 4: LEASES

The Agency has adopted the provisions of GASB 87, Leases. This standard requires recognition of a lease receivable and deferred inflow of resources related to leases in the Statement of Net Position for all leases that are not considered short-term leases. Information on the Agency's leases is presented below.

On March 4, 2020, the Agency entered into a long-term lease agreement to lease a warehouse to High Desert Milk, Inc. The term of the lease calls for monthly payments of $33,666.08 to be paid to the Agency for 20 years ending on March 1, 2040. As part of the lease agreement, High Desert Milk purchased an option to purchase the warehouse from the Agency for $1,460,000. High Desert Milk can exercise the option at any time without penalty. The purchase price of the warehouse is the remaining principal balance on the note between DL Evans and the Agency used to finance the original purchase of the warehouse, plus $10,000.

NOTE 5: LONG-TERM DEBT

Long-term debt for the BDA is as follows:

BDA Urban Renewal Bond - Series 2008A

The Burley Development Authority issued an urban renewal bond on March 1, 2009 in the amount of $3,700,000, bearing an interest rate of 6%. The bond was issued to DOT Foods, Inc. as a cost reimbursement and construction incentive for locating within the urban renewal area and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

Year Ending Sept. 30		Principal	Interest	Total
2025		$ 62,960	$ 176,692	$ 239,652
2026		66,794	172,858	239,652
2027		70,862	168,790	239,652
2028		75,177	164,475	239,652
2029		79,756	159,896	239,652
2030 - 2034		477,828	720,431	1,198,259
2035 - 2038		2,384,322	356,620	2,740,942
	Totals	$ 3,217,699	$ 1,919,762	$ 5,137,461

BDA Urban Renewal Bond - Series 2019

The Burley Development Authority issued an urban renewal bond on April 11, 2019 in the amount of $15,584,694, bearing an interest rate of 3.206%. The bond was issued to McCain Foods as a cost reimbursement and construction incentive for expansion of a processing plant within the urban renewal area and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

Year Ending Sept. 30		Principal	Interest	Total
2025		$ 983,408	$ 336,819	$ 1,320,227
2026		978,431	305,330	1,283,761
2027		970,790	274,023	1,244,813
2028		960,322	242,982	1,203,304
2029		919,333	212,520	1,131,853
2030 - 2034		3,876,064	655,812	4,531,876
2035 - 2038		2,061,434	139,652	2,201,086
	Totals	$ 10,749,782	$ 2,167,138	$ 12,916,920

BDA Urban Renewal Bond - Series 2020

The Burley Development Authority issued an urban renewal bond on March 4, 2020 in the amount of $5,824,575, bearing an interest rate of 3.4%. The bond was issued to purchase a warehouse and land within the urban renewal area. The warehouse is being leased pursuant to a long-term lease signed with High Desert Milk, Inc. The bonds will be repaid with the lease payments made to the Agency from High Desert Milk. The annual payments to amortize the bond are as follows:

Year Ending Sept. 30		Principal	Interest	Total
2025		$ 240,862	$ 163,131	$ 403,993
2026		249,194	157,799	406,993
2027		257,918	146,075	403,993
2028		266,571	137,422	403,993
2029		276,290	127,703	403,993
2030 - 2034		1,533,257	486,708	2,019,965
2035 - 2039		1,821,352	198,613	2,019,965
2040 - 2043		201,227	2,015	203,242
	Totals	$ 4,846,671	$ 1,419,466	$ 6,266,137

BDA Urban Renewal Bond - Series 2023

The Burley Development Authority issued an urban renewal bond on October 20, 2023 in the amount of $5,120,000, bearing an interest rate of 6.0%. The bond was issued to Suntado LLC as a cost reimbursement and construction incentive for expansion of infrastructure within the urban renewal area and will be repaid by the incremental tax increases of new taxable property within the urban renewal area. The annual payments to amortize the bond are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2025	$ 155,865	$ 309,189	$ 465,054
2026	165,491	299,563	465,054
2027	175,712	289,342	465,054
2028	185,808	279,246	465,054
2029	198,038	267,015	465,053
2030 - 2034	1,188,781	1,136,488	2,325,269
2035 - 2039	1,604,267	721,002	2,325,269
2040 - 2043	1,446,038	181,650	1,627,688
Totals	$ 5,120,000	$ 3,483,495	$ 8,603,495

A summary of changes in BDA long-term debt is as follows:

	9/30/2023	Additions	Reductions	9/30/2024
Urban Renewal Bond 2008A	3,217,699	-	-	3,217,699
Urban Renewal Bond 2019	11,735,659	-	(985,876)	10,749,783
Urban Renewal Bond 2020	5,077,426	-	(230,755)	4,846,671
Urban Renewal Bond 2023	-	5,120,000	-	5,120,000
Totals	$ 20,030,784	$ 5,120,000	$ (1,216,631)	$23,934,153

NOTE 6: RISK MANAGEMENT/INSURANCE COVERAGE

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency has transferred most of its risk by purchasing commercial insurance.

NOTE 7: LITIGATION AND CONTINGENT LIABILITIES

The Agency is not aware of any pending litigation.

NOTE 8: COMMITMENTS AND FUTURE PROJECTS

The Agency continues to evaluate potential projects and new businesses that may locate in the Agency's area. No commitments for future projects have been made at the audit report date.

NOTE 9: UNAVAILABLE REVENUE - PROPERTY TAXES

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

The Unavailable revenue - property taxes account represents taxes receivable after 60 days of the year

NOTE 10 RELATED PARTY TRANSACTIONS

As noted above, the Agency does not have fiscal independence from the City of Burley. The Agency contracts with the City of Burley to provide accounting and clerical services. All accounting records are processed by City of Burley employees and are stored on City computers. The Agency is also presented as a component unit of the City of Burley. Because of common management and shared services, the City of Burley is considered a related party to the Agency and all transactions with the City of Burley are related party transactions.

NOTE 11 SUBSEQUENT EVENTS

Subsequent events were evaluated through the audit report date, January 31, 2025, the date the financial statements were available to be issued.

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
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Jacob H. Catmull, CPA

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*

To Board of Commissioners
Burley Development Authority
Burley, ID

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Burley Development Authority (the "Agency") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements and have issued our report thereon dated January 31, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 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 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 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 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 Agency'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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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 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.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull, P.A.

January 31, 2025