2024 ANNUAL REPORT
BUHL URBAN RENEWAL AGENCY

AGENCY ANNUAL REPORT

Under the Idaho Urban Renewal Law, an urban renewal agency is required to 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 shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. Under Idaho Code, local government entities must complete an audit of its statements at the conclusion of its fiscal year. A copy of the Agency's audited FY2024 Financial Statements is attached

AGENCY BACKGROUND/PROJECT AREAS

McCollum and East Buhl Industrial Project Areas

The Buhl City Council formally approved the McCollum Addition And Adjacent Areas (URA#1) Urban Renewal Plan on September 11, 2000, through Ordinance No. 871. Since that approval, the Urban Renewal Agency has commenced with the implementation of the Plan.

In December 2011, the City adopted Ordinance 957 creating the East Buhl Industrial Urban Renewal Project Area (URA# 2). The area is in the Light Industrial Zone of Buhl and was adjacent to Seneca Foods Corporation. The Agency and Seneca Foods entered into an agreement to fund public improvements on or adjacent to the site.

URA#1 Projects began in 2012 to widen and provide grade correction to Craven Street and connect the separate sections of Clear Creek for improved emergency services access, also provided the opportunity to construct a park on the south side of Clear Creek adjacent to the connection.

In cooperation with the City of Buhl, the original goal of major wastewater collection renewal was undertaken by leveraging available funds to expand the scope of the project with ICDBG Grant assistance. Several significant water and wastewater projects have been completed over the last 12 years.

On April 18, 2024, the Agency bid water improvements in both Area 1 and Area 2 to extend and replace water infrastructure in both areas which resulted in increased water quality, flow and pressure. This project is 98% complete but is currently shut down due to winter weather. Total project costs are expected to be approximately $717,300. The project will be completed by the end of May of 2025.

McCollum Project Area

On September 24, 2024, the Agency bid the street reconstruction of Fair Street. This project included new curb, gutter, sidewalk and asphalt roadway for 1700 feet of Fair Street. This resulted in improved access to residents, improved rainfall runoff control and improved safety for motorists, bicyclists and pedestrians in the area. This project is 96% complete but is currently shut down due to winter weather. Total project costs are expected to be approximately $768,000. The project will be completed by the end of May of 2025.

FY2024 REVENUES

Tax Increment Revenue

The main source of Agency income is Tax Increment Revenue generated within the Urban Renewal Areas #1 and #2. In FY2024, the total Tax Increment Revenue received by the Agency was $433,363. In addition, the Agency had $25,001 revenue from interest.

FY2024 EXPENDITURES

During FY2024, $348,573 in funding was provided for various activities, virtually all of which was for work on the 2024 water improvement project in Area 1 and Area 2.

OPERATING EXPENSES

The Agency has minimal operating expenses as it has no paid staff members, utilizing outside legal, engineering, administration and auditing services. Total operating expenses, audit, legal, engineering, liability insurance and other office expenses, amounted to $75,966 in FY2024.

ASSETS

The Agency's Assets are comprised solely of cash accounts and property taxes receivable. The major portions of property taxes are received twice per year (end of January and end of July) with smaller amounts of delinquent taxes received during the course of the year. The current unaudited asset balance is $1,004,704.

LIABILITIES AND DEBT

The Agency's liabilities consist only of current accounts payable and deferred revenue. The Agency has no long-term debt.

SIGNIFICANT CHANGES IN AGENCY'S FINANCIAL POSITION

There were no significant changes in the Agency's financial position in FY2024. The Agency continues to operate in a "pay-as-you-go" environment, committing only those funds to projects that do not require long-term debt but, rather, can be funded out of current funds or projected tax increment revenues in a given fiscal year.

The Agency is, to a degree, dependent upon other public agencies, such as the City of Buhl, as to what projects can be funded and implemented within a specific timeframe. The Agency has limited ability to initiate and construct, for instance, street improvement projects, on its own. For this reason, the Agency works closely with agencies or the city government, to develop and fund projects that are of benefit to the residents and businesses within the urban renewal areas.

Scott Bybee

Administrator

BUHL URBAN RENEWAL AGENCY

Financial Statements

Year Ended September 30, 2024

BUHL URBAN RENEWAL AGENCY
BUHL, IDAHO

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INDEPENDENT AUDITOR'S REPORT

October 30, 2024

To the Board of Commissioners
Buhl Urban Renewal Agency
Buhl, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities of the Buhl Urban Renewal Agency, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Buhl Urban Renewal Agency'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 of the Buhl Urban Renewal Agency, as of September 30, 2024, and the respective changes in financial position 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 Buhl Urban Renewal Agency, 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 these 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 Buhl Urban Renewal Agency'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 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 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.

Report Continued—

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 Buhl Urban Renewal Agency'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 Buhl Urban Renewal Agency'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 planning 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 the management's discussion and analysis and budgetary comparison information on page 13 be presented to supplement the basic financial statements. Management has omitted a 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. 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 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, on our consideration of the Buhl Urban Renewal Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

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Workman & Company

Certified Public Accountants
Twin Falls, Idaho

BUHL URBAN RENEWAL AGENCY
Statement of Net Position
at September 30, 2024

	Total Primary Government	Total Reporting Entity
ASSETS		
Cash and Deposits	$ 1,004,704	$ 1,004,704
Accounts and Property Tax Receivable		0
Total	1,004,704	1,004,704
Capital Assets:		
Infastructure and Improvements	2,414,969	2,414,969
Less Accumulated Depreciation	(186,481)	(186,481)
Total Capital Assets	2,228,488	2,228,488
Total Assets	3,233,192	3,233,192
LIABILITIES		
Accrued Payable	0	0
Total Liabilities	0	0
NET POSITION		
Invested in Capital Assets - net of related debt	2,228,488	2,228,488
Restricted For:		
Debt Service	0	0
Unrestricted	1,004,704	1,004,704
Total Net Position	$ 3,233,192	$ 3,233,192

The accompanying notes are a part of these financial statements.

BUHL URBAN RENEWAL AGENCY
Statement of Activities
For the Year Ended September 30, 2024

Activities:	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Total
Governmental:					
General Government	$ 52,753	$ 0	$ 0	$ (52,753)	$ (52,753)
Total Governmental Activities	52,753	0	0	(52,753)	(52,753)
General Revenues:					
Property Taxes				433,363	433,363
Interest Earnings				25,001	25,001
Grant Revenue				0	0
Total general revenues and transfers				458,364	458,364
Changes in net position				405,611	405,611
Net Position - Beginning				2,827,581	2,827,581
Net Position - Ending				$ 3,233,192	$ 3,233,192

The accompanying notes are a part of these financial statements.

BUHL URBAN RENEWAL AGENCY
Balance Sheet
Governmental Funds
at September 30, 2024

	General Fund	Total Governmental Funds
ASSETS:		
Cash and Cash Equivalents	$ 1,004,704	$ 1,004,704
Taxes Receivable	0	0
Due From Other Sources		0
Total Assets	$ 1,004,704	$ 1,004,704
LIABILITIES:		
Accounts and Accrued Payables	$ 0	$ 0
Total Liabilities	0	0
FUND BALANCE:		
Non-spendable	0	0
Restricted	0	0
Committed	0	0
Assigned	0	0
Unassigned	1,004,704	1,004,704
Total Fund Balance	1,004,704	
Total Liabilities and Fund Balance	$ 1,004,704	

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is $ 2,414,969 and the accumulated depreciation is $ 186,481.	2,228,488
Net Position of Governmental Funds	$ 3,233,192

The accompanying notes are a part of these financial statements.

BUHL URBAN RENEWAL AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2024

	General Fund	Total Governmental Funds
REVENUE:		
Tax Levy Revenue	$ 433,363	$ 433,363
Interest Earnings	25,001	25,001
Total Revenue	458,364	458,364
EXPENDITURES:		
Administration Expenses	536	536
Insurance	2,606	2,606
Professional Fees	69,959	69,959
Dues and Memberships	450	450
Repairs and Maintenance		0
Publications	2,415	2,415
Capital Expenditures	348,573	348,573
Total Expenditures	424,539	424,539
EXCESS REVENUE (EXPENDITURES)	33,825	33,825
OTHER FINANCING SOURCES (USES):		
Proceeds from long term debt	0	0
NET CHANGE IN FUND BALANCES	33,825	33,825
FUND BALANCE - BEGINNING	970,879	970,879
FUND BALANCE - ENDING	$ 1,004,704	$ 1,004,704

The accompanying notes are a part of these financial statements.

BUHL URBAN RENEWAL AGENCY
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 Balance - Total Governmental Funds (Page 6)	$	33,825
Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.		
This is the amount of current year depreciaton.		(40,062)
This is the amount of new Governmental Fund assets.		411,848
Change in Net Position of Governmental Activities (Page 4)	$	405,611

The accompanying notes are a part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Buhl Urban Renewal Agency (the Agency) was created for the purpose of redeveloping and rehabilitating certain deteriorating areas in the City of Buhl, Idaho, and was established by a resolution from the Buhl City Council. The Agency is authorized under provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

The Agency is a component unit, as defined by generally accepted accounting principles, of the City of Buhl, Idaho, because of its operational and financial responsibility with the City. The City of Buhl, Idaho appoints the governing body of the Agency.

The financial statements of the Buhl Urban Renewal Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the Agency.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to patrons 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 properly included among program revenues are reported instead as general revenues.

The Agency's activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.

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, as is the fiduciary fund financial statement. 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.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Agency receives cash.

The Agency reports the following major governmental funds:

- The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources of the Agency.

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Budgetary Policy

The Agency prepares a budget for its general fund operations. The statement of revenues and expenditures and changes in fund balances and actual-general fund presents comparison of the legally adopted budget with the actual data on a budgetary basis.

Under Idaho Code, the Agency's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, except as allowed by the Code for certain events.

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 to assure effective budgetary control or to facilitate effective cash planning and control.

Capital Assets

Capital Assets, which include land, building and improvements, and furniture and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require 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.

Entity Classifications

A. Agency-Wide Financial Statements – The Agency reports net assets in three categories – invested in capital assets, restricted and unrestricted.
B. Fund Financial Statements – The Agency has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

Continued—

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, on would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments' highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by; governing body or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The Agency's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

2. PROPERTY TAXES

Property taxes are billed and collected within the same period in which the taxes are levied. The Agency does not levy property taxes; however, it is entitled to the taxes levied on the increase in assessed valuation of real and personal property within its jurisdiction.

In accordance with Idaho law, property taxes are levied in September for each calendar year. All personal taxes and one-half of real property taxes are due by December 20. The second half of the real property taxes is due by June 20. Tax levies on such assessed values are certified to the County prior to the commencement of the fiscal year.

Taxes are collected by Twin Falls County and remitted to the Agency primarily in January and July of the fiscal year. The Agency defers recognition of property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts have been recognized as revenues as they are deemed immaterial to the financial statements taken as a whole.

3. CASH AND DEPOSITS

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, $500,000 of the Agency's bank balance was not exposed to custodial credit risk because it was insured by the FDIC and the remaining $ 504,704 was exposed to custodial credit risk.

Continued—

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. At year end, the Agency did not have any investments:

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 district 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 district 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.

The Agency maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	$ 0
Deposits with financial institutions:	
Demand deposits	518,454
Certificate of deposits	486,250
Total	$ 1,004,704

4. LABOR AND ASSOCIATED COSTS

The Agency does not currently employee any staff and has contracts with the outside independent contractors for administrative duties. Labor and associated costs are allocated to the Agency for reimbursement purposes. Because of the nature of the reimbursement, the Agency does not report any payroll or retirement liabilities.

5. GENERAL FIXED ASSETS

Capital asset activity for the year ended September 30, 2024, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets being depreciated:				
Infrastructure	2,003,121			2,003,121
Construction in Progress	0	411,848		411,848
Total	2,003,121	411,848	0	2,414,969
Less: Accumulated Depreciation:	146,419	40,062	0	186,481
Total Net Depreciated Assets	1,856,702	371,786	0	2,228,488
Governmental capital assets, net	$ 1,856,702	$ 371,786	$ 0	$ 2,228,488

Continued—

6. LITIGATION

The Agency, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

7. RISK MANAGEMENT

The Agency is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The Agency carries commercial insurance coverage for these risks to the extent deemed prudent by the board of commissioners.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

Required

Supplementary Information

BUHL URBAN RENEWAL AGENCY
Budgetary Comparison Schedule
General Fund
for the year ended September 30, 2024

	Original and Final Budget	Actual	Variance with Budget Positive (Negative)
REVENUES:			
Property taxes - Tax Increment Revenues	$ 300,000	$ 433,363	$ 133,363
Earnings on investments	7,000	25,001	18,001
Total revenues	307,000	458,364	151,364
EXPENDITURES:			
Administrative Expenses	2,000	536	1,464
Insurance	1,000	2,606	(1,606)
Professional Fees	61,000	69,959	(8,959)
Dues and Memberships	0	450	(450)
Repairs and Maintenance		0	0
Publications	2,000	2,415	(415)
Capital Outlay	800,000	348,573	451,427
Total expenditures	866,000	424,539	441,461
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(559,000)	33,825	592,825
OTHER FINANCING SOURCES (USES):			
Transfers			0
NET CHANGE IN FUND BALANCE	(559,000)	33,825	$ 592,825
FUND BALANCE - BEGINNING	970,879	970,879	
FUND BALANCE - ENDING	$ 411,879	$ 1,004,704	

The accompanying notes are a part of these financial statements.

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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*

October 30, 2024

To the Board of Commissioners
Buhl Urban Renewal Agency
Buhl, Idaho

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 of the Buhl Urban Renewal Agency, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Buhl Urban Renewal Agency's basic financial statements, and have issued our report thereon dated October 30, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Buhl Urban Renewal 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 Buhl Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Buhl Urban Renewal 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. Given these limitations, during our audit we did identify certain deficiencies in internal control that we consider to be material weaknesses and have described these in the accompanying schedule of finds and responses (2024-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Buhl Urban Renewal 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*.

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.

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

BUHL URBAN RENEWAL AGENCY

Schedule of Findings and Responses

For the Year Ended September 30, 2024

Finding 2024-1: Lack of segregation of duties

Condition: The Agency lacks a segregation of duties over accounting functions, including stewardship of cash and deposits.

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the Agency take such actions as hiring additional personnel to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: Agency management believes the cost of hiring additional personnel outweighs the benefit to be derived as mitigating controls are currently in place such as Board of Commissioner's review of all disbursements, two signatures required on all checks, the Agency hires an outside accounting office to record transactions and reconcile accounts, and monthly Board of Commissioner's review of financial reports prepared by the Agency Treasurer.