HEYBURN URBAN RENEWAL AGENCY

Basic Financial Statements

September 30, 2024

HEYBURN URBAN RENEWAL AGENCY

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Heyburn Urban Renewal Agency
Heyburn, ID

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Heyburn Urban Renewal Agency (the "Agency"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the 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 and the major fund of Heyburn Urban Renewal Agency, as of September 30, 2024, and the respective changes in financial position and the 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 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 the 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 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 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 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 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 generally accepted auditing standards 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 the 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 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 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

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 March 7, 2025, on our consideration of the 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 Heyburn Urban Renewal 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 Agency's internal control over financial reporting and compliance.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull, P.A

March 7, 2025

HEYBURN URBAN RENEWAL AGENCY

Statement of Net Position
September 30, 2024

	Governmental Activities
ASSETS	
Cash & investments	$ 107,073
Receivables (net of allowances):	
Taxes	9,400
Accounts	-
Notes	-
Due from other funds	-
Due from other governments	-
Prepaid expenses	-
Restricted assets:	
Cash	-
Capital assets:	
Land	-
Other Capital Assets, Net of Depreciation	-
Total assets	116,473
LIABILITIES	
Accounts payable and accrued expenses	1,795
Accrued interest payable	11,583
Long-term liabilities:	
Due within one year	79,402
Due in more than one year	390,842
Total liabilities	483,622
NET POSITION	
Net Investment in Capital Assets	-
Restricted for:	
Capital projects	-
Debt service	-
Unrestricted	(367,149)
Total Net Position	$ (367,149)

See accompanying notes to the financial statements.

HEYBURN URBAN RENEWAL AGENCY

Statement of Activities
For the Year Ended September 30, 2024

	Net Revenue (Expense) and Changes in Net Position
Governmental Activities:	
Expenses	
Agency administration & economic development support	$ 39,343
Interest on long-term debt	18,676
Total Governmental Activities	58,019
General Revenues	
Property taxes	68,056
Developer fees & grants	47,000
Investment earnings	-
Transfers	-
Total general revenues and transfers	115,056
Transfer completed infrastructure to City of Heyburn	-
Change in Net Position	57,037
Net Position Beginning of Year	(424,186)
Net Position End of Year	$ (367,149)

See accompanying notes to the financial statements.

HEYBURN URBAN RENEWAL AGENCY

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash and investments	$ 107,073
Receivables (net of allowances):	
Taxes	9,400
Accounts	-
Notes	-
Due from other funds	-
Due from other governments	-
Prepaid expenses	-
Total assets	$ 116,473
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable and accrued liabilities	$ 1,795
Other liabilities	-
Total liabilities	1,795
Deferred inflows of resources:	
Deferred inflows of property taxes	-
Total deferred inflows of resources	-
Fund Balance:	
Restricted for:	
Debt service	-
Unassigned	114,678
Total fund balances	114,678
Total liabilities and fund balances	$ 116,473

See accompanying notes to the financial statements.

HEYBURN URBAN RENEWAL AGENCY

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

Total Governmental Fund Balances	$	114,678
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.		-
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes		-
Long-term liabilities, including notes payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-term notes payable		(470,244)
Accrued interest payable		(11,583)
Net Position of Governmental Activities	$	(367,149)

See accompanying notes to the financial statements.

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HEYBURN URBAN RENEWAL AGENCY

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

	General Fund
Revenues:	
Taxes	$ 68,056
Developer fees & grants	47,000
Miscellaneous	-
Total revenues	115,056
Expenditures:	
Operating supplies	-
Insurance	1,947
Travel & meetings	-
Legal & professional	11,998
Admininstrative & consultant	25,398
Debt Service - Principal	19,919
Debt Service - Interest	8,352
Capital outlays	-
Contingency	-
Total expenditures	67,614
Excess of revenues over (under) expenditures	47,442
Other financing sources (uses)	
Transfers in	-
Transfers out	-
Bond / loan proceeds	-
Proceeds from the sale of capital assets	-
Total other financing sources (uses)	-
Net change in fund balances	47,442
Fund balance - beginning	67,236
Fund balance - ending	$ 114,678

See accompanying notes to the financial statements.

HEYBURN 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 Balances - Total Governmental Funds		$ 47,442
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 Heyburn	-	
Depreciation expense	-	
Excess of capital outlay over depreciation		-
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		-
Repayment of loan principal		19,919
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		(10,324)
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 deferred revenue.		-
Change in Net Position of Governmental Activities		$ 57,037

See accompanying notes to the financial statements.

HEYBURN URBAN RENEWAL AGENCY

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

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Taxes	$ 98,694	$ 98,694	$ 68,056	$ (30,638)
Developer fees & grants	73,000	73,000	47,000	(26,000)
Miscellaneous	-	-	-	-
Total revenues	171,694	171,694	115,056	(56,638)
Expenditures:				
Operating supplies	250	250	-	250
Insurance	1,947	1,947	1,947	-
Travel & meetings	-	-	-	-
Legal & professional	61,750	61,750	11,998	49,752
Admininstrative & consultant	30,870	30,870	25,398	5,472
Debt Service - Principal	58,701	58,701	19,919	38,782
Debt Service - Interest	-	-	8,352	(8,352)
Capital outlays	14,576	14,576	-	14,576
Contingency	57,932	57,932	-	57,932
Total expenditures	226,026	226,026	67,614	158,412
Excess (deficiency) of revenues over expenditures	(54,332)	(54,332)	47,442	101,774
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Bond / loan proceeds	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(54,332)	(54,332)	47,442	101,774
Fund balance - beginning	67,236	67,236	67,236	-
Fund balance - ending	$ 12,904	$ 12,904	$ 114,678	$ 101,774

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Heyburn Urban Renewal Agency (Agency) have been prepared in conformity with 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 significant accounting policies of the Agency are described below.

A. Reporting Entity

The Agency was organized July 14, 2010 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 Heyburn with the consent of the City Council. The Commissioners have governing responsibilities over all of the activities relating to the Agency. The Agency is a separate and distinct legal entity authorized by state statute.

As provided by Idaho Code, the Agency 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 Agency 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, none of the Agency's bank balance was exposed to custodial credit risk due to being 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.

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 or special board meeting before September 1, the tentative budget is submitted to the commissioners and cleared for publications and public comment.

3. A public hearing is held at the regular or special board meeting in August 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 or other receivables in the past and, therefore, does not consider it necessary to establish any allowance for uncollectible receivables. However, see Note 8 regarding delinquent taxes that have not been recognized on the financial statements.

NOTE 3: CAPITAL ASSETS

The Agency had no capital assets as of the end of the fiscal year.

NOTE 4: LONG-TERM DEBT

Developer Note Payable

The Agency issued a note to pay back costs incurred by a developer for public improvements necessary for an industrial development withing the Agency's boundaries. The note was for a principal amount of $507,297, bearing interest at 5% beginning January 23, 2013. The note will be repaid with tax increment revenues from the development. 50% of the tax increment revenues from the development have been allocated and are considered pledged to this note until it is paid, or until December 31, 2031, whichever comes first. The annual payments, based on current tax increment revenues, are as follows: (note that the payments will vary as the tax increment revenues change)

Year Ending Sept. 30	Principal	Interest	Total
2025	$ 49,498	$ 22,502	$ 72,000
2026	35,168	12,832	48,000
2027	36,948	11,052	48,000
2028	38,795	9,205	48,000
2029	40,783	7,217	48,000
2030 - 2034	113,533	8,628	122,161
2035 - 2039	-	-	-
Totals	$ 314,725	$ 71,436	$ 386,161

Note Payable to City of Heyburn

The Agency issued a note to pay back the City of Heyburn for City funded improvements to the development mentioned above. The note was for a principal amount of $238,000, bearing interest at 3% beginning May 31, 2012. The note will be repaid with tax increment revenues from the development. 25% of the tax increment revenues have been allocated and are considered pledged to this note until it is paid, or until December 31, 2032, whichever comes first. The annual payments, based on current tax increment revenues, are as follows: (note that the payments will vary as the tax increment revenues change)

Year Ending Sept. 30	Principal	Interest	Total
2025	$ 29,904	$ 3,471	$ 33,375
2026	20,713	1,537	22,250
2027	21,348	902	22,250
2028	13,554	248	13,802
2029	-	-	-
2030 - 2034	-	-	-
2035 - 2039	-	-	-
Totals	$ 85,519	$ 6,158	$ 91,677

Note Payable to City of Heyburn
The Agency has agreed to pay back costs the City incurred that were directly related to the startup of the Agency. The total of such costs is approximately $70,000. The note does not bear interest and no repayment terms have been established. It is anticipated that the note will be repaid as funds become available.

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

	9/30/2023	Additions	Reductions	9/30/2024
Developer Note Payable	$ 326,462	$ -	$ (11,737)	$ 314,725
City of Heyburn Note Payable	93,701	-	(8,182)	85,519
City of Heyburn Note Payable	70,000	-	-	70,000
Totals	$ 490,163	$ -	$ (19,919)	$ 470,244

NOTE 5: 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 6: LITIGATION AND CONTINGENT LIABILITIES
A petition for judicial review has been filed with the Minidoka County District Court requesting a review of an ordinance adopted by the City of Heyburn creating the Northgate Urban Renewal Project Area and Revenue Allocation Financing Provision. The Agency is awaiting the results of the review, but does not expect that the results will have a significant negative impact on the Agency.

NOTE 7: COMMITMENTS AND FUTURE PROJECTS
The Agency continues to evaluate potential projects and new businesses that may locate in the Agency's area. As of the auditor's report date, two new projects have been approved by the City for development within the boundaries of the Agency, and the Agency is working with the developers to proceed with the projects.

NOTE 8: PROPERTY TAXES - DEFERRED REVENUE / DEFERRED INFLOWS OF RESOURCES
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.

There were $9,400 of property taxes receivable outstanding at year end. The taxes were collected within 60 days of year end, therefore there are no deferred revenues / deferred inflows of resources to report in the financial statements.

As of year end, a tax delinquency exists with a major taxpayer located in the boundaries of the Agency. The amount of uncollected taxes allocable to the Agency is currently in excess of $70,000. While the Agency believes the taxes will eventually be collected, it cannot reasonably determine the amount that will be collected nor when the Agency will receive its share. The Agency expects that this will negatively affect property tax revenues in the near term. No amount has been recorded on the Agency's financial statements related to these delinquent taxes.

NOTE 9: TAX ABATEMENTS

Minidoka County is authorized by State statute to transact all property tax activity with property owners in the Agency's boundaries. The County levies and collects property taxes, then allocates and remits those collections among the taxing entities.

The County has authority to cancel property taxes due to hardship, or for property that has been damaged by a casualty. Application for relief is made directly to the County Commissioners for their consideration. The Commissioners may also abate taxes for special circumstances. There are no current abatements affecting the Agency.

NOTE 10: RELATED PARTY TRANSACTIONS

Due to the nature of the relationship between the Agency and the City of Heyburn, the City is considered a related party to the Agency. Other than the loans from the City to the Agency described in Note 4, there were no related party transactions during the current fiscal year.

NOTE 11: SUBSEQUENT EVENTS

Subsequent events were evaluated through the auditor's report date, which is the date the financial statements were available to be issued. No events have occurred subsequent to year end which would require disclosure or adjustment to the financial statements.

NOTE 12: EXPENDITURES IN EXCESS OF BUDGET

Actual expenditures did not exceed budgeted expenditures in the current year.

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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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
Heyburn Urban Renewal Agency
Heyburn, 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 the major fund of Heyburn Urban Renewal Agency (the "Agency"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 7, 2025.

Report on 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) as a basis for designing 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. 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 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 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 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.

March 7, 2025