CITY OF HEYBURN, IDAHO

Basic Financial Statements
With Supplemental Information

September 30, 2024

CITY OF HEYBURN, IDAHO

BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024
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FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Heyburn, ID

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heyburn, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Heyburn, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Heyburn, Idaho, as of September 30, 2024, and the respective changes in financial position and budgetary comparison for the General Fund, and, where applicable, cash flows thereof 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 City of Heyburn, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 City of Heyburn, Idaho'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.

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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 City of Heyburn, Idaho'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 City of Heyburn, Idaho's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's share of net pension liability and of employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

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 December 10, 2024, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull P.A.

Burley, Idaho
December 10, 2024

BASIC FINANCIAL STATEMENTS

CITY OF HEYBURN, IDAHO

Statement of Net Position
September 30, 2024

ASSETS	Governmental Activities	Business Type Activities	Totals
Cash & Investments	$ 2,741,628	$ 10,826,840	$ 13,568,468
Receivables (Net of Allowances):			
Property Taxes	67,053	-	67,053
Accounts - Note 2	40,373	582,211	622,584
Accrued Interest	4,714	6,510	11,224
Grants	-	-	-
Prepaid Expenses	-	-	-
Due From Other Funds	1,508,503	(1,508,503)	
Due From Other Governments	189,188	-	189,188
Due from URA	69,528	85,152	154,680
Inventory - Note 3	-	209,769	209,769
Deposits	50,000	-	50,000
Restricted Assets:			
Cash & Investments - Note 11	-	970,147	970,147
Capital Assets - Note 4:			
Land	517,916	20,891	538,807
Other Capital Assets, Net of Depreciation	4,348,373	22,045,115	26,393,488
Other Assets, Net of Amortization	-	37,391	37,391
Total assets	9,537,276	33,275,523	42,812,799
DEFERED OUTFLOWS OF RESOURCES			
Pension Obligations	244,660	79,243	323,903
Total deferred inflows of resources	244,660	79,243	323,903
LIABILITIES			
Accounts Payable and Accrued Expenses	68,016	48,644	116,660
Customer Deposits Payable	317,356	20,465	337,821
Deferred Revenue	-	-	-
Interest Payable	-	109,732	109,732
Unamortized Bond Premium	-	129,559	129,559
Long-Term Liabilities - Note 6:			
Due Within One Year	-	450,429	450,429
Due in More Than One Year	-	10,355,705	10,355,705
Net Pension Liability	1,029,370	333,404	1,362,774
Total liabilities	1,414,742	11,447,938	12,862,680
DEFERED INFLOWS OF RESOURCES			
Employer Pension Assumption	(17,046)	(5,521)	(22,567)
Total deferred inflows of resources	(17,046)	(5,521)	(22,567)
NET POSITION			
Invested in Capital Assets, net of related debt	4,866,289	11,150,140	16,016,429
Restricted for:	.		
Debt Service - Note 6	-	228,711	228,711
Capital Projects	239,219	741,436	980,655
Unrestricted	3,278,732	9,792,062	13,070,794
Total Net Position	$ 8,384,240	$ 21,912,348	$ 30,296,588

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

Statement of Activities
For the Year Ended September 30, 2024

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business Type Activities	Net (Expense) Revenue and Changes in Net Position: Totals
Governmental Activities:							
General Government	$ 1,335,810	$ 442,646	$ -	$ -	$ (893,164)		$ (893,164)
Sanitation	135,202	150,941	-	-	15,739		15,739
Irrigation	278,867	188,368	-	-	(90,499)		(90,499)
Public Safety	965,061	32,287	-	-	(932,774)		(932,774)
Streets & Roadways	491,623	-	-	91,295	(400,328)		(400,328)
Parks and Recreation	307,222	2,500	-	-	(304,722)		(304,722)
Interest	-	-	-	-	-		-
Total Governmental Activities	3,513,784	816,742	-	91,295	(2,605,747)		(2,605,747)
Business-Type Activities:							
Electric	4,402,082	4,624,491	-	-		$ 222,409	222,409
Wastewater	1,394,870	1,551,222	(1,473,528)	1,473,895		156,719	156,719
Water	913,670	1,041,247	-	-		127,577	127,577
RV Park	65,767	140,804	-	-		75,037	75,037
Total Business-Type Activities	6,776,389	7,357,764	(1,473,528)	1,473,895		581,742	581,742
Total Primary Government	$ 10,290,173	$ 8,174,506	$ (1,473,528)	$ 1,565,190	(2,605,747)	581,742	(2,024,005)
		General Revenues					
		Property Taxes			1,360,867	-	1,360,867
		In Lieu of Taxes			190,691	-	190,691
		State Highway Use Tax			347,893	-	347,893
		Liquor and Sales Taxes			152,316	-	152,316
		Shared State Revenue			422,967	-	422,967
		Franchise Fees & County Highway Tax			39,224	-	39,224
		Grants not Restricted to Specific Programs			7,300	-	7,300
		Investment Earnings			166,495	545,352	711,847
		Miscellaneous			119,149	-	119,149
		Gain (Loss) on Sale of Assets			-	-	-
		Transfers			-	-	-
		Total General Revenues and Transfers			2,806,902	545,352	3,352,254
		Change in Net Position			201,154	1,127,094	1,328,248
		Net Position Beginning of Year			8,183,086	20,785,254	28,968,340
		Net Position End of Year			$ 8,384,240	$ 21,912,348	$ 30,296,588

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

Balance Sheet
Governmental Funds
September 30, 2024

	General Fund
ASSETS	
Cash and temporary investments	$ 2,741,628
Receivables (net of allowances):	
Property Taxes	67,053
Accounts	40,373
Interest	4,714
Grants	-
Due from other funds	1,508,503
Due from other governments	189,188
Due from URA	69,528
Prepaid expenses	-
Deposits	50,000
Total assets	$ 4,670,987
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	$ 2,083
Accrued liabilities	65,933
Deposits payable	317,356
Due to other funds	-
Total liabilities	385,372
Deferred inflows of resources	
Unavailable revenue - property taxes	62,515
Total deferred inflows of resources	62,515
Fund Balance:	
Restricted	239,219
Assigned	129,266
Unassigned	3,854,615
Total fund balances	4,223,100
Total liabilities and fund balances	$ 4,670,987

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

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

Total Governmental Fund Balances		$ 4,223,100
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,866,289
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes		62,515
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.		
The General Fund currently has no long term notes payable		-
Some liabilities, including pension obligations (liability) are not due and payable in the current period and, therefore are not reported in the funds, but are reported on the Statement of Net Position.		(1,029,370)
Balances at year end:		
Deferred outflows of resources pension expense	204,664	
Deferred outflow of current year employer contributions	39,996	
		244,660
Deferred inflows or resources related to pensions.		17,046
Net Position of Governmental Activities		$ 8,384,240

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

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

	General Fund
Revenues:	
Property taxes	$ 1,342,351
Franchise fees	34,472
Licenses and permits	148,832
Intergovernmental revenues	1,118,619
Interest	166,495
Services	625,600
Fines	42,310
Grants	98,595
Miscellaneous	119,149
Total revenues	3,696,423
Expenditures:	
Legislative	64,959
City Administrator	141,008
City Clerks	318,321
Legal	168,954
Economic development	151,144
Facilities & Structures	273,874
Law enforcement & crime prevention	948,999
Insurance	30,948
Animal Control	8,399
Streets & roadways	797,751
Sanitation	123,748
Water - irrigation	255,960
Parks	278,951
Recreation	2,500
Contingency	-
Total expenditures	3,565,516
Excess (deficiency) of revenues over expenditures	130,907
Other sources (uses)	
Transfers in (out)	-
Water Rights Sale	-
Net change in fund balance	130,907
Fund balance - beginning	4,092,193
Fund balance - ending	$ 4,223,100

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 130,907
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 of capital outlay less depreciation expense in the current period:		
Fixed asset additions - purchased	$ 467,405	
Fixed asset additions - donated	-	
Depreciation expense	(286,339)	
		181,065
Because governmental funds report capital outlays as expenditures, when capital assets are sold, the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset.		
Difference in gain or loss on sale of capital assets		-
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered as "available" revenues in the governmental funds. This is the current year increase/(decrease) in unavailable property tax revenue.		18,516
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.		
Repayment of loan principal		-
In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due.		-
In the Governmental Funds, pension contributions are considered an expense, while on the statement of activities the contributions are considered a deferred outflow		(129,334)
In the Governmental Funds, benefits earned net of employee contributions are not recognized as revenue.		-
Change in Net Position of Governmental Activities		$ 201,154

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

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:				
Property taxes	$ 1,327,385	$ 1,327,385	$ 1,342,351	$ 14,966
Franchise fees	37,000	37,000	34,472	(2,528)
Licenses and permits	90,112	90,112	148,832	58,720
Intergovernmental revenues	1,079,846	1,079,846	1,118,619	38,773
Interest	265,000	265,000	166,495	(98,505)
Services	619,673	619,673	625,600	5,927
Fines	40,200	40,200	42,310	2,110
Grants	1,095,922	1,095,922	98,595	(997,327)
Miscellaneous	577,686	577,686	119,149	(458,537)
Total revenues	5,132,824	5,132,824	3,696,423	(1,436,401)
Expenditures:				
Legislative	86,247	86,247	64,959	21,288
City Administrator	147,627	147,627	141,008	6,619
Municipal Services	329,227	329,227	318,321	10,906
Legal	178,663	178,663	168,954	9,709
Economic development	153,784	153,784	151,144	2,640
Facilities & Structures	495,607	495,607	273,874	221,733
Law enforcement & crime prevention	1,024,354	1,024,354	948,999	75,355
Insurance	25,000	25,000	30,948	(5,948)
Animal control	10,000	10,000	8,399	1,601
Streets & roadways	1,523,313	1,523,313	797,751	725,562
Sanitation	120,000	120,000	123,748	(3,748)
Water - irrigation	290,979	290,979	255,960	35,019
Parks	715,023	715,023	278,951	436,072
Recreation	33,000	33,000	2,500	30,500
Contingency	-	-	-	-
Total expenditures	5,132,824	5,132,824	3,565,516	1,567,308
Excess (deficiency) of revenues over expenditures	-	-	130,907	130,907
Other sources (uses)				
Transfers in (out)	-	-	-	
Water Rights Sale	-	-	-	-
Net change in fund balance	-	-	130,907	130,907
Fund balance - beginning	4,092,193	4,092,193	4,092,193	-
Fund balance - ending	$ 4,092,193	$ 4,092,193	$ 4,223,100	$ 130,907

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-Type Activities Enterprise Funds				
ASSETS	Electric Fund	Wastewater Fund	Water Fund	(Non-Major) RV Park Fund	Totals
Cash & Investments	$ 4,708,271	$ 2,910,144	$ 2,552,787	$ 655,638	$ 10,826,840
Receivables (Net of Allowances):					
Accounts	323,993	146,723	111,495	-	582,211
Accrued Interest	1,347	2,806	2,357	-	6,510
Grants	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Inventory	11,619	96,370	101,780	-	209,769
Due from other fund	-	-	-	-	-
Due from URA	-	85,152	-	-	85,152
Restricted Assets:					
Cash & Investments	-	741,436	228,711	-	970,147
Capital Assets:					
Land	7,750	4,482	8,659	-	20,891
Other Capital Assets, Net of Depreciation	1,333,821	15,570,207	5,025,685	115,402	22,045,115
Other Assets, Net of Amortization	-	-	37,391	-	37,391
Total assets	6,386,801	19,557,320	8,068,865	771,040	34,784,026
DEFERED OUTFLOWS OF RESOURCES					
Pension Obligations	24,198	24,928	28,537	1,580	79,243
Total deferred inflows of resources	24,198	24,928	28,537	1,580	79,243
LIABILITIES					
Accounts Payable and Accrued Expenses	31,348	7,730	8,766	800	48,644
Customer Deposits Payable	20,465	-	-	-	20,465
Deferred Revenue	-	-	-	-	-
Interest Payable	-	106,270	3,462	-	109,732
Unamortized Bond Premium	-	-	129,559	-	129,559
Due to the General Fund			1,508,503	-	1,508,503
Long-Term Liabilities:					
Due Within One Year	-	360,429	90,000	-	450,429
Due in More Than One Year	-	8,885,705	1,470,000	-	10,355,705
Net Pension Liability	101,811	104,881	120,065	6,647	333,404
Total liabilities	153,624	9,465,015	3,330,355	7,447	12,956,441
DEFERED INFLOWS OF RESOURCES					
Employer Pension Assumption	(1,686)	(1,737)	(1,988)	(110)	(5,521)
Total deferred inflows of resources	(1,686)	(1,737)	(1,988)	(110)	(5,521)
NET POSITION					
Invested in Capital Assets, net of related debt	1,341,571	6,222,285	3,470,882	115,402	11,150,140
Restricted for:					
Debt Service	-	-	228,711	-	228,711
Capital Projects	-	741,436	-	-	741,436
Unrestricted	4,917,490	3,155,249	1,069,442	649,881	9,792,062
Total Net Position	$ 6,259,061	$ 10,118,970	$ 4,769,034	$ 765,283	$ 21,912,348

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds				
	Electric Fund	Wastewater Fund	Water Fund	(Non-Major) RV Park Fund	Totals
Operating revenues:					
Charges for utilities	$ 4,563,524	$ 1,539,033	$ 981,031	$ -	$ 7,083,588
Less cost of utilities	(3,307,000)	-	-	-	(3,307,000)
Gross profit on utilities	1,256,524	1,539,033	981,031	-	3,776,588
Other service charges/revenues	60,967	12,189	60,216	140,804	274,176
Total operating revenues	1,317,491	1,551,222	1,041,247	140,804	4,050,764
Operating expenses:					
Salaries/labor	155,792	152,284	172,355	14,998	495,429
F.I.C.A. taxes	10,787	10,742	11,706	438	33,673
State retirement	15,179	14,462	17,881	-	47,522
Workman's compensation	1,000	1,750	3,500	-	6,250
Health and accident insurance	28,882	20,427	37,639	-	86,948
Office supplies & postage	1,647	367	203	-	2,217
Operating supplies	13,873	20,142	35,633	1,318	70,966
Motor fuels and lubricants	1,677	13,199	7,936	2,633	25,444
Professional services	21,017	17,285	42,106	1,100	81,508
Advertising & publications	-	-	-	7,765	7,765
Insurance	15,000	6,500	4,500	1,210	27,210
Travel, meetings & training	-	1,374	8,298	-	9,672
Fees, subscriptions, dues	37,961	6,995	21,632	-	66,588
Telephone & internet	1,213	3,308	2,099	508	7,128
System maintenance & repair	351,780	97,629	183,929	-	633,338
Maintenance-other equipment	4,682	8,864	11,435	10,072	35,053
Depreciation	147,433	658,679	184,898	9,541	1,000,551
Amortization	-	-	2,876	-	2,876
Supplies	5,759	31,170	13,522	15,752	66,203
Miscellaneous & bad debts	752	862	860	433	2,907
UAMPS/Energy conservation	19,958	-	-		19,958
Utilities and chemicals	-	121,329	22,047	-	143,376
Tax equivalents paid to Gen. Fund	190,691	-	-	-	190,691
Accounting and billing	70,000	70,000	70,000	-	210,000
Total operating expenses	1,095,082	1,257,368	855,055	65,767	3,273,272
Operating income (loss)	222,409	293,854	186,192	75,037	777,492
Non-operating revenues (expenses)					
Grant revenue	-	367	-	-	367
Grant (expense)	-	-	-	-	-
Gain (Loss) on sale of equipment	-	-	-	-	-
Other pension related income/(expense)	-	-	-	-	-
Interest income	194,403	138,676	183,601	28,672	545,352
Interest (expense)	-	(137,502)	(58,615)	-	(196,117)
Total non-operating revenues (expenses)	194,403	1,541	124,986	28,672	349,602
Income/(Loss) before contributions and Transfers	416,812	295,395	311,178	103,709	1,127,094
Capital Contributions	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Change in Net Position	416,812	295,395	311,178	103,709	1,127,094
Net Position Beginning of Year	5,842,249	9,823,575	4,457,856	661,574	20,785,254
Net Position End of Year	$ 6,259,061	$ 10,118,970	$ 4,769,034	$ 765,283	$ 21,912,348

See accompanying notes to the financial statements.

CITY OF HEYBURN, IDAHO

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds				
	Electric Fund	Wastewater Fund	Water Fund	(Non-Major) RV Park Fund	Totals
Cash flows provided by operating activities:					
Receipts from customers and users	$ 4,554,308	$ 1,645,930	$ 1,030,227	$ 140,804	$ 7,371,269
Payments to suppliers	(4,144,021)	(478,509)	(332,518)	(40,212)	(4,995,261)
Payments to employees	(181,758)	(177,488)	(201,942)	(15,436)	(576,624)
Payments for interfund services used	(70,000)	(70,000)	(70,000)	-	(210,000)
Other receipts/(payments)		-	-	-	-
Net cash provided (used) by operating activities	158,529	919,933	425,766	85,156	1,589,384
Cash flows from noncapital and related financing activities:					
Transfers to other funds	-	-	-	-	-
Transfers from other funds	-	-	-	-	-
Net cash provided (used) by noncapital and related financing activities	-	-	-	-	-
Cash flows from capital and related financing activities:					
Principal and interest paid on long-term debt	-	(495,729)	(154,158)	-	(649,887)
Proceeds received from loans and bonds	-	-	-		-
Net proceeds from grants	-	-	-	-	-
Net increase/(decrease) in due to General Fund	-	-	(55,870)	-	(55,870)
Disposal of capital assets	-	-	-	-	-
Acquisition of capital assets	(49,704)	(180,317)	(256,390)	(19,000)	(505,411)
Net cash used by capital and related financing activities	(49,704)	(676,046)	(466,418)	(19,000)	(1,211,168)
Cash flows from investing activities:					
Principal received on notes receivable	-	8,219	-	-	8,219
Principal issued on notes receivable	-	-	-	-	-
Interest received on notes & investments	194,403	138,676	183,601	28,672	545,352
Net cash provided by investing activities	194,403	146,895	183,601	28,672	553,571
Net increase (decrease) in cash	303,228	390,782	142,949	94,828	931,787
Cash at beginning of year (including $741,436 and $217,640 of restricted cash for the Wastewater and Water Funds, respectively)	4,405,043	3,260,798	2,638,549	560,810	10,865,200
Cash at end of year (including $741,436 and $217,640 held in restricted accounts for the Wastewater and Water Funds, respectively)	$ 4,708,271	$ 3,651,580	$ 2,781,498	$ 655,638	$ 11,796,987
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 222,409	$ 293,854	$ 186,192	$ 75,037	$ 777,492
Depreciation & amortization	147,433	658,679	187,774	9,541	1,003,427
(Increase) decrease in receivables	(71,650)	94,708	(11,020)	-	12,038
(Increase) decrease in prepaid expenses	14,170	-	12,443	-	26,613
(Increase) decrease in inventory	6,239	265	35,493	-	41,997
Increase (decrease) in payables & accrued expenses	(170,312)	(134,739)	4,636	-	(300,415)
Increase (decrease) in cust deposits/deferred revenue	1,467	-	-	-	1,467
Net non-cash pension (revenue) expense	8,773	7,166	10,248	578	26,765
Net cash provided (used) by operating activities	$ 158,529	$ 919,933	$ 425,766	$ 85,156	$ 1,589,384

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Heyburn 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 City 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 City are described below.

A. Reporting Entity

The City of Heyburn was incorporated January 18, 1911. The City operates under a Mayor-City Council form of government. The four-member City Council and Mayor have governing responsibilities over all of the activities relating to the City of Heyburn. The City provides the following services: Public safety, public works, recreation and community development.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City segregates transactions related to certain City 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 County 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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, as are the proprietary fund and fiduciary fund financial statements. 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 City 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 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 governments' primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The Electric fund accounts for the operations of providing electricity to the citizens of the City.

The Wastewater Fund accounts for the operations of the City's sewer system.

The Water Fund accounts for the operations of providing water to the citizens of the City.

As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements. An exception to this rule is for payments from the Electric, Sewer and Water Funds to the General Fund for accounting and billing services rendered and tax equivalents. Elimination of these charges would distort the direct costs and program revenues of the funds involved.

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.

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

E. 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. At year end, the City had $12,122,368 exposed to custodial credit risk due to being uninsured or 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. At year end, the City held the following investments:

Investment Type	Fair Value	Weighted Avg Maturity (days)
Idaho State Local Government Investment Pool	$ 1,471	84
Credit Union CD's	$ 3,089,244	1,792

The entire amount of the State Pool investment is subject to custodial credit risk because the related securities are uninsured, unregistered and held by a third party which is the counterparty for these particular investments. All but $250,000 of the bank CD's is exposed to custodial credit risk due to being uninsured or uncollateralized.

Credit Risk: The City's policy is to comply with Idaho State statutes which authorize the City 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.

F. Inventory
Inventories are valued at the lower of cost (first-in, first-out basis) or market. See Note 3.

G. 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

H. 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 position.

I. Budgets and Budgetary Accounting
The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 1, the City Clerk's office, after consultation with the various department heads, submits to the city council 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 on the 1st Wednesday in August the tentative budget is submitted to the council and cleared for publications and public comment.

3. A public hearing is held at the regular council meeting on the 2nd Wednesday 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 the General Fund and the Enterprise Funds.

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

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
Accumulated unpaid vacation has not been accrued, as vacation does not carry over from year to year. Accumulated unpaid sick pay has been accrued. The total unpaid sick pay as of year end for all funds was $27,486.

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 City because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

L. Fund Classifications

Fund Balance Reserves - The City 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 hierarchial and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the City to classify and report amounts in the appropriate fund balance classifications. The City'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 City 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 City 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 City Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the City Council. 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 City'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 City Council have delegated the authority 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 City 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.

M. 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.

N. Application of Restricted or Unrestricted Resources
The City's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

NOTE 2: ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLES

The following is a detailed schedule of the accounts receivable for the City of Heyburn:

	Gross	Allowance	Net
Electric-utility charges	$ 499,557	$ (175,565)	$ 323,992
Wastewater	146,724	-	146,724
Water	111,468	-	111,468
Garbage, Irrigation & Other	40,373	-	40,373
Total	$ 798,122	$ (175,565)	$ 622,557

NOTE 3: INVENTORIES

Cost of electrical fund and water and wastewater fund materials and supplies inventories are determined by the first-in, first-out method (FIFO) and are stated at the lower of cost or market. After an obsolescence allowance of 30%, Electric Fund inventory at year end was $11,619, Wastewater Fund inventory amounted to $96,370 and the Water Fund inventory was $101,780.

NOTE 4: CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 9/30/23	Additions	Deletions	Balance 9/30/24
Governmental Activities				
Land (non-depreciable)	$ 484,916	$ 33,000	$ -	$ 517,916
Water rights	-	-		-
Buildings	2,219,762	66,719	-	2,286,481
Construction in progress	-	-	-	-
Improvements other than buildings	627,538	20,647	-	648,185
Infrastructure assets	2,298,224	162,139	-	2,460,363
Equipment	2,271,118	184,900	(24,000)	2,432,018
Total	7,901,558	467,405	(24,000)	8,344,963
Accumulated Depreciation:				
Buildings	942,815	58,647	-	1,001,462
Improvements other than buildings	182,260	31,240	-	213,500
Infrastructure assets	559,215	80,580	-	639,795
Equipment	1,532,045	115,872	(24,000)	1,623,917
Total	3,216,335	286,339	(24,000)	3,478,674
Net Book Value:				
Land (non-depreciable)	484,916	33,000	-	517,916
Water rights	-	-	-	-
Buildings	1,276,947	8,072	-	1,285,019
Construction in progress	-	-	-	-
Improvements other than buildings	445,278	(10,593)	-	434,685
Infrastructure assets	1,739,009	81,559	-	1,820,568
Equipment	739,073	69,028	-	808,101
Total	$ 4,685,223	$ 181,066	$ -	$ 4,866,289

	Balance 9/30/23	Additions	Deletions	Balance 9/30/24
Business-type Activities				
Electric Fund				
Land (non-depreciable)	$ 7,750	$ -	$ -	$ 7,750
Buildings	39,677	-	-	39,677
Improvements other than buildings	2,969,521	28,304	-	2,997,825
Equipment	765,489	21,400	(15,000)	771,889
Total	3,782,437	49,704	(15,000)	3,817,141
Accumulated Depreciation:				
Buildings	39,418	78	-	39,496
Improvements other than buildings	1,627,617	132,980	-	1,760,597
Equipment	676,102	14,375	(15,000)	675,477
Total	2,343,137	147,433	(15,000)	2,475,570
Net Book Value:				
Land (non-depreciable)	7,750	-	-	7,750
Buildings	259	(78)	-	181
Improvements other than buildings	1,341,904	(104,676)	-	1,237,228
Equipment	89,387	7,025	-	96,412
Total	$ 1,439,300	$ (97,729)	$ -	$ 1,341,571
Wastewater Fund				
Land (non-depreciable)	$ 4,482	$ -	$ -	$ 4,482
Buildings	61,563	24,467	-	86,030
Construction in Progress	164,497	-	(164,497)	-
Improvements other than buildings	20,724,254	311,347	-	21,035,601
Equipment	1,160,543	9,000	(4,000)	1,165,543
Total	22,115,339	344,814	(168,497)	22,291,656
Accumulated Depreciation:				
Buildings	50,907	1,516	-	52,423
Improvements other than buildings	5,370,286	593,070	-	5,963,356
Equipment	641,095	64,093	(4,000)	701,188
Total	6,062,288	658,679	(4,000)	6,716,967
Net Book Value:				
Land (non-depreciable)	4,482	-	-	4,482
Buildings	10,656	22,951	-	33,607
Construction in Progress	164,497	-	(164,497)	-
Improvements other than buildings	15,353,968	(281,723)	-	15,072,245
Equipment	519,448	(55,093)	-	464,355
Total	$16,053,051	$ (313,865)	$ (164,497)	$ 15,574,689

	Balance 9/30/23	Additions	Deletions	Balance 9/30/24
Water Fund				
Land (non-depreciable)	$ 8,659	$ -	$ -	$ 8,659
Water Rights	1,676,115		-	1,676,115
Buildings	17,445	117,084	-	134,529
Construction in Progress	-	-	-	-
Improvements other than buildings	6,432,984	86,200	-	6,519,184
Equipment	443,600	53,106	(10,000)	486,706
Total	8,578,803	256,390	(10,000)	8,825,193
Accumulated Depreciation:				
Buildings	15,360	372	-	15,732
Improvements other than buildings	3,345,332	155,240	-	3,500,572
Equipment	255,259	29,286	(10,000)	274,545
Total	3,615,951	184,898	(10,000)	3,790,849
Net Book Value:				
Land (non-depreciable)	8,659	-	-	8,659
Water Rights	1,676,115	-	-	1,676,115
Buildings	2,085	116,712	-	118,797
Construction in Progress	-	-	-	-
Improvements other than buildings	3,087,652	(69,040)	-	3,018,612
Equipment	188,341	23,820	-	212,161
Total	$ 4,962,852	$ 71,492	$ -	$ 5,034,344
RV Park Fund				
Land (non-depreciable)	$ -	$ -	$ -	$ -
Improvements other than buildings	110,487	-	-	110,487
Equipment	65,010	19,000	-	84,010
Total	175,497	19,000	-	194,497
Accumulated Depreciation:				
Improvements other than buildings	25,483	5,534	-	31,017
Equipment	44,071	4,007	-	48,078
Total	69,554	9,541	-	79,095
Net Book Value:				
Land (non-depreciable)	-	-	-	-
Improvements other than buildings	85,004	(5,534)	-	79,470
Equipment	20,939	14,993	-	35,932
Total	$ 105,943	$ 9,459	$ -	$ 115,402

All depreciable capital assets are being depreciated using the straight-line method over the respective estimated lives described in Note 1. The City has elected not to retroactively report infrastructure assets, as is allowed for Phase 3 governments. Accordingly, the infrastructure assets reported above under Governmental Activities consist only of those constructed or significantly improved after September 30, 2003. This consists of stop lights. Infrastructure assets not reported consist mainly of streets, curb and gutter, stop lights and street lights constructed or placed in service prior to October 1, 2003.

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	$ 57,268
Sanitation	11,454
Irrigation	22,907
Public Safety	54,404
Highways & Streets	114,536
Parks & Recreation	25,771
Total Governmental Activities Depreciation	$ 286,339

NOTE 5: PENSION PLAN

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

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

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

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

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate is set by the Retirement Board and was 11.18% of covered compensation for general employees and 13.26% for police and firefighters. The City's contributions were $203,305 for the year ended September 30, 2024.

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

At year end, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was .03643156 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of ($156,100). At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 216,966	$ -
Changes in assumptions or other inputs	53,986	
Net difference between projected and actual earnings on pension plan investments	(24,737)	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions		(22,567)
City contributions subsequent to the measurement date	52,951	-
Total	$ 299,166	$ (22,567)

The $52,951 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement period ended June 30, 2024.

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

Year ended Sept 30	
2025	82,257
2026	254,093
2027	(43,818)
2028	(31,320)

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

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%
Fire & Police - Males Pub-2010 Safety Tables, increased 21%
Fire & Police - Females Pub-2010 Safety Tables, increased 26%
Disabled Members - Males Pub 2010 Disabled Tables, increased 38%
Disabled Members - Female Pub 2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

	2024	
Asset Class	**DB Plans**	**Sick Leave**
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0%	0%
Total	100%	100%

Discount Rate - The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 2,589,698	$ 1,362,775	$ 360,692

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

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

Payables to the pension plan - At year end, the District reported no payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 6: LONG-TERM DEBT

The City refunded a water revenue bond on March 15, 2017, resulting in a new bond with an original amount of $2,190,000. The average coupon on the new bond is approximately 4.5%, with an effective rate of approximately 2.7%. Payments are due semi-annually on September 15 and March 15. Remaining annual principal and interest payments vary between $154,500 and $158,750. The principal balance on the bond at the beginning and end of the fiscal year is stated below. The bond is being serviced entirely by the Water Fund and net revenues of the water system have been pledged for the payment of the bond. The City is in compliance with all significant requirements and provision of the loan agreement.

The City issued a Sewer Revenue Bond-Series 2019A for $5,507,000 on October 1, 2021 to finance improvements to the City's wastewater system. The interest rate is 1.25% per annum with principal and interest payments of $175,839 due annually for 40 years. The Bond is being serviced by the Wastewater Fund, and net revenues of the wastewater system have been pledged for the payment of the bond. The City is in compliance with all significant requirements and provisions of the bond agreement.

The City issued a Sewer Revenue Bond-Series 2019B for $901,000 on October 1, 2021 to finance improvements to the City's wastewater system. The interest rate is 1.25% per annum with principal and interest payments of $28,769 due annually for 40 years. The Bond is being serviced by the Wastewater Fund, and net revenues of the wastewater system have been pledged for the payment of the bond. The City is in compliance with all significant requirements and provisions of the bond agreement.

In May 2021 the City refunded the Sewer Revenue Bonds-Series 2010A and 2010B with Sewer Revenue Refunding Bond-Series 2021. The new bond bears interest at 1.888%, and calls for 15 annual principal and interest payments of $291,121 beginning March 22, 2022. The bond is being serviced entirely by the Wastewater fund, and net revenues of the wastewater system have been pledged for the payment of the bond. The bond is subject to call on any date on or after March 22, 2024. The principal balance as of the end of the fiscal year is stated below.

Changes in long-term debt during the year are as follows:

	Balance at 9/30/2023	Additions	Reductions	Balance at 9/30/2024
Water Revenue Bond-Series 2017	$ 1,645,000	$ -	$ (85,000)	$ 1,560,000
Sewer Revenue Bond-Series 2019A	5,399,433	-	(108,339)	5,291,094
Sewer Revenue Bond-Series 2019B	883,401	-	(17,725)	865,676
Sewer Revenue Bond-Series 2021	3,317,839	-	(228,475)	3,089,364
Sewer Bond Anticipation Note	-	-	-	-
Totals	$ 11,245,673	$ -	$ (439,539)	$ 10,806,134

The annual requirements to amortize all outstanding bonds as of September 30, 2024 are as follows:

Year Ending Sept. 30	Principal	Interest	Total
2025	450,429	200,551	650,980
2026	461,419	190,060	651,479
2027	472,512	179,217	651,729
2028	483,711	168,019	651,730
2029	495,015	157,514	652,529
2030-2034	2,643,515	619,134	3,262,649
2035-2039	1,734,307	333,544	2,067,851
2040-2044	788,384	234,656	1,023,040
2045-2049	838,905	184,135	1,023,040
2050-2054	892,666	130,374	1,023,040
2055-2059	949,869	73,171	1,023,040
2060-2064	595,403	15,589	610,992
Totals	$10,806,134	$ 2,485,964	$ 13,292,099

Cash required to service the principal and interest payments by fund are as follows:

Year Ending Sept. 30	Cash from Gen. Fund	Cash from Water Fund	Cash from Wastewater	Total Required
2025	-	155,250	495,730	650,980
2026	-	155,750	495,729	651,479
2027	-	156,000	495,729	651,729
2028	-	156,000	495,730	651,730
2029	-	156,800	495,729	652,529
2030-2034	-	784,000	2,478,649	3,262,649
2035-2039	-	475,800	1,592,051	2,067,851
2040-2044	-	-	1,023,040	1,023,040
2045-2049	-	-	1,023,040	1,023,040
2050-2054	-	-	1,023,040	1,023,040
2055-2059	-	-	1,023,040	1,023,040
2060-2064	-	-	610,992	610,992
Totals	$ -	$ 2,039,600	$ 11,252,499	$ 13,292,099

Restricted assets of $228,711 in the Water Fund are available to service and retire the revenue bonds, in accordance with the bond covenants.

NOTE 7: RISK MANAGEMENT/INSURANCE COVERAGE

The City 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 City has transferred most of its risks by purchasing commercial insurance. Workman's Compensation is purchased through the Idaho State Insurance Fund.

All other insurance has been purchased through ICRMP (Idaho Counties Risk Management Program). The policy expires October 1 but is renewed annually. The policy coverage's include: All risks of physical loss or damage, automobile physical damage, comprehensive general liability, premises medical payments, law enforcement liability, automobile liability, errors or omissions liability, employee dishonesty, money & securities, and depositors forgery.

NOTE 8: LITIGATION, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The City has received a wrongful death claim related to an airplane crash within City limits that resulted in the death of the pilot. The City's liability insurance carrier has notified the City that any potential liability related to the claim would not be covered. The claim states the City of Heyburn may be liable for up to $500,000 in damages, however, the City does not believe it has any liability related to the crash or the death.

On July 1, 2000, the City entered into an agreement with United Electric Co-op, Inc. for the operation, maintenance, construction, and engineering of the City's electric system. An addendum agreement entered into on February 24, 2010 calls for monthly payments of $16,308 starting April 2010, with an increase of 2.75% commencing October 1 of each succeeding fiscal year. The monthly amount was $23,843 for the fiscal year ending September 30, 2024.

The City has entered into an agreement to lease four police vehicles. The lease calls for annual payments of $11,023 for each vehicle. During the year, the City entered into another lease for two additional units. This lease calls for annual payments of $8,461 for each vehicle. The leases contain a non-appropriation clause, therefore the City is not obligated for any future payments if the City chooses not to appropriate funds for the lease.

NOTE 9: PROPERTY TAXES - UNAVAILABLE REVENUE

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 deferred inflows of property taxes in the General Fund represent the taxes received more than 60 days after year end.

NOTE 10: STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, the Enterprise Funds consider all checking and certificates of deposit with maturity dates within 90 days to be cash equivalents.

	Sewer Fund	Water Fund	Total
Cash paid for interest during the year was:	$137,502	$69,158	$206,660

NOTE 11: RESTRICTED NET POSITION

Restricted net position is comprised of investments on hand restricted for servicing the bond debt in the Water Fund, as required by the bond agreement, and for Coronavirus State & Local Fiscal Recovery Funds that have not yet been spent by the City, as well as grant funds received but not yet spent for a walking path.

The City has assigned $129,266 in the General Fund to pay for purchases of police equipment that the City has committed to purchase through 2031.

NOTE 12: SUBSEQUENT EVENTS

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

The City has entered into an agreement to purchase property during the fiscal year ending September 30, 2025 for 50% of the appraised value of the property, with the other 50% being a gift to the City. The property was appraised at $2,653,000, resulting in a purchase price of approximately $1,326,500. The City also entered into an agreement subsequent to year end to purchase a wheel loader for approximately $225,000.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HEYBURN
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability

PERSI - Base Plan
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's portion of the net pension liability	0.0337020%	0.0354164%	0.0361104%	0.0358643%	0.0369616%	0.0376024%	0.0389414%	0.0355882%	0.0355420%	0.0364316%
Employer's proportionate share of the net pension liability	$ 443,801	$ 717,945	$ 567,593	$ 529,005	$ 421,906	$ 873,177	$ (30,755)	$1,401,733	$1,418,364	$1,362,775
Employer's covered-employee payroll	$ 1,159,088	$ 1,087,905	$ 1,115,651	$ 1,147,800	$ 1,250,060	$ 1,333,394	$ 1,447,345	$1,397,385	$1,505,074	$1,666,152
Employer's proportionate share of the net pension liability as a percentage of its covered employee payroll	38.29%	65.99%	50.88%	46.09%	33.75%	65.49%	-2.12%	100.31%	94.24%	81.79%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	83.83%	85.54%

Data reported is measured as of June 30, 2024 (measurement date)

**GASB Statement No. 68 requires ten years of information to be presented in this table however, until a full 10-year trend is compiled, the City will present information for years which information is available.*

Schedule of Employer Contributions

PERSI - Base Plan
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$ 110,240	$ 124,130	$ 127,456	$ 129,930	$ 141,507	$ 159,207	$ 172,813	$166,848	$179,706	$186,276
Contributions in relation to the statutorily required contribution	$ 108,265	$ 124,130	$ 127,456	$ 129,930	$ 141,507	$ 159,207	$ 172,813	$166,848	$179,706	$186,276
Contribution (deficiency) excess	1,975	-	-	-	-	-				
Employer's covered-employee payroll	$ 1,159,088	$ 1,087,905	$ 1,115,651	$ 1,147,800	$ 1,250,060	$ 1,333,394	$ 1,447,345	$1,397,385	$1,505,074	$1,666,152
Contributions as a percentage of covered-employee payroll	9.51%	11.41%	11.42%	11.32%	11.32%	11.94%	11.94%	11.94%	11.94%	11.18%

Data reported is measured as of September 30, 2024

**GASB Statement No. 68 requires ten years of information to be presented in this table however, until a full 10-year trend is compiled, the City will present information for years which information is available.*

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
Darren B. VanLeuven, CPA
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 the City Council
City of Heyburn, 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, the business-type activities, each major fund, and the aggregate remaining fund information of City of Heyburn, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Heyburn, Idaho's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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*

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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.

Burley, Idaho
December 10, 2024