Harris Ranch Community Infrastructure District #1

Boise, Idaho

Financial Statements
September 30, 2025

Independent Auditor's Report

To the Board of Directors
Harris Ranch Community Infrastructure District No. 1
Boise, Idaho

Report on the Audit Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of Harris Ranch Community Infrastructure District No. 1 (the District), a component unit of the City of Boise, Idaho, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund, of the District as of September 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of Harris Ranch Community Infrastructure District No. 1, a component unit of the City of Boise, Idaho, are intended to present the financial statements of the financial position and the changes in financial position of only that portion of the governmental activities and the general fund of the City that is attributable to the transactions of the District. They do not purport to, and do not, present fairly the financial position of the City of Boise, Idaho, as of September 30, 2025 and the changes in its financial position for the year then ended in conformity with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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 budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 or 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 the management's discussion and analysis that the accounting principles generally accepted in the United States of America requires 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 opinions on the basic financial statements are not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, 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.

Eide Bailly LLP

Boise, Idaho
March 17, 2026

Harris Ranch Community Infrastructure District # 1

BALANCE SHEET and STATEMENT OF NET POSITION

September 30, 2025

(amounts in thousands)

	General Fund	Net Position Adjustment **	Governmental Activities
Assets			
Cash and cash equivalents	$ 20	$ -	$ 20
Restricted cash and investments	3,669	-	3,669
Property taxes receivable	2,929	-	2,929
Total assets	$ 6,618	$ -	$ 6,618
Liabilities			
Interest payable	$ -	$ 97	$ 97
Noncurrent liabilities			
Due within one year	-	652	652
Due in more than one year	-	12,151	12,151
Total liabilities	-	12,900	12,900
Deferred inflows of resources			
Unavailable property taxes	2,917	(18)	2,899
Total deferred inflows of resources	2,917	(18)	2,899
Fund balances / Net position			
Restricted, expendable for:			
Debt service	3,669	-	3,669
Assigned for/unrestricted:			
Debt service	32	(12,882)	(12,850)
Total fund balances / net position	3,701	(12,882)	(9,181)
	$ 6,618	$ -	$ 6,618

** See note 2 to the financial statements

Harris Ranch Community Infrastructure District #1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES and STATEMENT OF ACTIVITIES

For the year ended September 30, 2025

(amounts in thousands)

	General Fund	Net Position Adjustment **	Governmental Activities
Revenues			
Property taxes, levied for general obligations	$ 2,261	$ (4)	$ 2,257
Property taxes, levied for special assessment	394	-	394
Investment income	21	-	21
Total revenues	2,676	(4)	2,672
Expenditures			
Community and economic development	94	-	94
Debt Service			
Principal payments	702	(702)	-
Interest and fiscal charges	563	14	577
Total expenditures	1,359	(688)	671
Excess (Deficiency) of revenues Over (under) expenditures	1,317	684	2,001
Other Financing Sources			
Issuance of administrative expense advance	71	(71)	-
Total other financing sources	71	(71)	-
Net changes in fund balances/net position	1,388	613	2,001
Fund balance/net position, beginning of year	2,313		(11,182)
Fund balance/net position, end of year	$ 3,701		$ (9,181)

** See note 3 to the financial statements

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Harris Ranch Community Infrastructure District No. 1 (the District) is included as a blended component unit in the City of Boise's (the City) financial statements. The District facilitates the cost of public infrastructure for Harris Ranch. These statements present only the funds of the District and are not intended to present the financial position and results of operations of the City in conformity with generally accepted accounting principles.

The District is a separate and distinct legal entity of the City created in accordance with Idaho Code Title 50 Chapter 31, which encourages the funding and construction of regional community infrastructure in advance of actual development growth. The District facilitates the cost of public infrastructure for Harris Ranch. The District is a residential development in southeast Boise. The District is governed by a board of directors consisting of two members of the Boise City Council and a resident of the District, all chosen by the Boise City Council.

Government-Wide and Fund Financial Statements

The government-wide financial statements and the general fund financial statements along with the notes to the financial statements comprise the Districts' basic financial statements. The District is considered as a "special purpose entity" as defined by generally accepted accounting principles; therefore, it allows the government-wide financial statements to be combined with the fund-level financial statements. Governmental activities are supported by property taxes. The purpose of the government-wide financial statements is to allow users of the financial statements to be able to determine if the District is in a better or worse financial position than the prior year.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmental activities column of the financial statements is 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.

The general fund column of the financial statements is 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

The District reports the General Fund as its only major fund. General funds are used for all financial resources except those required to be accounted for in another fund.

Property Taxes Receivable and Deferred Inflow of Resources
Property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds include property tax receivables expected to be collected within sixty days after year-end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20.

Since the District is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as deferred inflow of resources at the District's year-end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for the District.

Deferred inflow of resources arises only under a modified accrual basis of accounting. Unavailable property tax revenue is reported in the governmental funds balance sheet as a deferred inflow of resources. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Investments and Investment Income
Investments are reported at fair value, based on quoted market prices. Interest, dividends, gains, and losses, both realized and unrealized, on investments in debt and equity securities are included in revenues when earned.

Restricted investments consist of funds restricted in accordance with bond indenture agreements and bond resolutions. Restricted investments that are available for obligations classified as current liabilities are reported in current assets.

Idaho Code 50-1013 limits the District's legal investments to savings accounts, prime commercial paper, general obligations of the State of Idaho and United States Treasury, notes, bonds, and obligations of Government Sponsored Enterprises (FNMA, FHLMC, FFCB, FHLB), A-rated corporate bonds, and money market and mutual funds whose portfolios consist of the underlying instruments. The District does not have a separate investment policy.

Fund Balances

The general fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Restricted – This fund balance represents resources that can only be spent based upon external party restrictions imposed by creditors through debt covenants, by grantors or by law.

Committed – This fund balance represents resources that have been approved by the Board of Directors through a resolution which is the highest level of decision making authority, that places specific constraints on how the resources may be used. The Board can modify or rescind the resolution at any time through passage of an additional resolution. The District did not have any funds committed as of September 30, 2025.

Assigned – This fund balance represents management's intended use of resources that are not committed. The Board of Directors vests with management the authorization to assign amounts.

It is the policy of the District that expenditures, for which more than one category of fund balance could be used, will be expended in the following categorical order: restricted, committed, and assigned.

Note 2 - Explanation of Differences Between the Governmental Funds Balance Sheet and the Statement of Net Position

"Total fund balances" in the District's general fund may differ from the "net position" of the governmental activities reported in the statement of net position because of the long-term economic focus of the governmental activities versus the current financial resources focus of the general fund balance sheet.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund.	
General obligation bonds payable	$ 9,351
Special assessments bonds payable	2,969
Administrative expense advance	483
Accrued interest	97
	12,900
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	(18)
Total adjustment from governmental fund balance to government-wide net position	$ (12,882)

Note 3 - Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" for the general fund may differ from the "change in net position" for governmental activities reported in the statement of activities because of the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental funds.

Some of the District's taxes will be collected after year end, but, are not available soon enough for the current period's expenditures and therefore are reported as unavailable revenue in the funds. The amount represents the net change in unavailable revenue.		$ (4)
Interest expense in the statement of activities differs from the amount reported in the governmental funds. Additional interest has been accrued for bonds payable and special assessment bonds. This amount represents the net change in accrued interest.		
Prior year accrued interest recognized in the fund statements	$82	
Current year accrued interest not recognized in the fund statements	(96)	(14)
The proceeds from long-term debt (e.g. bond issuance) provides current financial resources to the governmental fund, while payment of the principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any impact on net position. This amount represents the net effect of these differences in the treatment of long-term debt.		
Payments on long-term debt obligations		702
Issuance of administrative expense advance		(71)
Total adjustment from change in fund balance to change in net position of Governmental Activities		$ 613

Note 4 - Cash and Investments

Deposits with Financial Institutions

At September 30, 2025, the District's demand deposit balance was $3,669, including $3,689 of restricted cash. The City's demand deposits are insured up to Federal depository insurance limits and collateralized by an irrevocable letter of credit issued by the Federal Home Loan Bank of Cincinnati up to an amount of $20,000 which includes the District's demand deposits.

Restricted Cash and Investments

At September 30, 2025, the District had the following investments, maturities, and ratings:

	Maturities	Ratings	Balance
MS Institutional Liquidity Treasury Securities Portfolio – Money Market Fund	Daily	AA+	$305

Restricted cash and investments for the year ended September 30, 2025 also includes $20 of cash held by the fiscal agent and $3,669 of demand deposits with financial institutions.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk.

Interest Rate Risk

The District does not have a formal policy in place that further limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District matches investment maturities with anticipated cash flow requirements.

Credit Risk

The District does not have a formal policy in place that limits credit risk.

Concentration of Credit Risk

The District does not have a formal policy in place limiting the amount that may be invested with any one bank or institution or the investment type.

Note 5 – Long-Term Debt

The following is a summary of changes in long-term debt obligations of the District for the year ended September 30, 2025:

(in $1,000s)

	Beginning Balance	Additions	Deletions	Ending Balance	Amount due in One Year
Governmental Activities					
Direct Placement -					
General Obligation Bond 2015B	$ 2,966	$ -	$ (99)	$ 2,867	$ 102
General Obligation Bond 2016	866	-	(64)	802	65
General Obligation Bond 2017A	840	-	(56)	784	57
General Obligation Bond 2017B	435	-	(27)	408	28
General Obligation Bond 2019	3,125	-	(170)	2,955	175
General Obligation Bond 2020	1,657	-	(122)	1,535	125
Total General Obligation Bonds	9,889	-	(538)	9,351	552
Special Assessment Bond	3,133	-	(164)	2,969	100
Total, bonded debt	13,022	-	(702)	12,320	652
Administrative Expense Advance	412	71	-	483	-
Total, noncurrent liabilities	$ 13,434	$ 71	$ (702)	$ 12,803	$ 652

General Obligation Bonds

During fiscal year 2015, the District issued $3,587 general obligation series 2015B via direct placement to reimburse developer costs for infrastructure assets constructed on behalf of the District and transferred to other governmental entities. General obligation bonds are a direct obligation and pledge the full faith and credit of the District. The general obligation bond outstanding at September 30, 2025, is payable in annual principal installments of amounts ranging from $102 to $188, and annual interest payments, accruing at a fixed rate of 3.44% through August 15, 2045.

During fiscal year 2016, the District issued $1,331 general obligation series 2016 via direct placement to reimburse developer costs for infrastructure assets constructed on behalf of the District and transferred to other governmental entities. General obligation bonds are a direct obligation and pledge the full faith and credit of the District. The general obligation bond outstanding at September 30, 2025, is payable in annual principal installments of amounts ranging from $65 to $81, and annual interest payments, accruing at a fixed rate of 2.19% through August 15, 2036.

During fiscal year 2017, the District issued $1,201 general obligation series 2017A via direct placement to reimburse developer costs for infrastructure assets constructed on behalf of the District and transferred to other governmental entities. General obligation bonds are a direct obligation and pledge the full faith and credit of the District. The general obligation bond outstanding at September 30, 2025, is payable in annual principal installments of amounts ranging from $57 to $74, and annual interest payments, accruing at a fixed rate of 2.37% through August 15, 2037.

During fiscal year 2017, the District issued $600 general obligation series 2017B via direct placement to reimburse developer costs for infrastructure assets constructed on behalf of the District and transferred to other governmental entities. General obligation bonds are a direct obligation and pledge the full faith and credit of the District. The general obligation bond outstanding at September 30, 2025, is payable in annual principal installments of amounts ranging from $28 to $41, and annual interest payments, accruing at a fixed rate of 3.48% through August 15, 2037.

During fiscal year 2019, the District issued $3,922 general obligation series 2019 via direct placement to reimburse developer costs for infrastructure assets constructed on behalf of the District and transferred to other governmental entities. General obligation bonds are a direct obligation and pledge the full faith and credit of the District. The general obligation bond outstanding at September 30, 2025, is payable in annual principal installments of amounts ranging from $175 to $251, and annual interest payments, accruing at a fixed rate of 2.80% through August 15, 2039.

During fiscal year 2020, the District issued $2,122 general obligation series 2020 via direct placement to reimburse developer costs for infrastructure assets constructed on behalf of the District and transferred to other governmental entities. General obligation bonds are a direct obligation and pledge the full faith and credit of the District. The general obligation bond outstanding at September 30, 2025, is payable in annual principal installments of amounts ranging from $125 to $156, and annual interest payments, accruing at a fixed rate of 2.24% through August 15, 2036.

Special Assessment Revenue Bonds

The District issued Special Assessment Bonds on April 26, 2011, in the amount of $3,920, as authorized pursuant to the Community Infrastructure District Act, Title 50, Chapter 31, Idaho Code (the "Act"). The bonds are solely payable from annual special assessments levied and assessed by the District on certain parcels of land. In accordance with Section 3.3, A, (ii) of the Trust Indenture, the District exercised its right for an Extraordinary Optional Redemption of $45 any time prior to the stated call date of September 1, 2021. During the year ended September 30, 2024, in accordance with Sections 4.3 and 4.4 of the Trust Indenture, the District exercised an Optional Redemption of $78k. During the year ended September 30, 2025, the District exercised an additional Optional Redemption of $67k. While the redemption amounts were relatively small, they resulted in interest savings.

The District issued Special Assessment Revenue Bonds Series 2011 to facilitate the cost of public infrastructure for Harris Ranch. The District pledged revenues derived from special assessments levied on the land in the benefit area of Assessment Area One. The special assessment revenue bonds outstanding at September 30, 2025, are payable in annual principal installments of amounts ranging from $100 to $339, and semi-annual interest payments, accruing at a fixed rate of 9% through September 2040.

Default can occur from either a failure to pay the debt service or from failure to follow the bond covenants. In the event of default, the trustee may act on behalf of the owners of the bond. Those actions can include actions in law or equity to cover the missed debt service payments and the costs resulting from enforcing the payment. In the event of bankruptcy, insolvency or reorganization the trustee is entitled to claim all amounts that are still unpaid for the benefit of the owners of the bond.

Administrative Expense Advance

During the fiscal year 2021, the District issued an Administrative Expense Advance with the City of Boise, in an amount not to exceed $250, in the event of litigation or other similar legal matters that require the engagement of legal consultants, where expenditures are reasonably expected to exceed the District's annual revenue from the administrative levy. The District has the opportunity to draw from the advance over a 36 month period. In fiscal year 2022, the District and the City of Boise agreed to increase the amount to $350. In fiscal year 2024, the District and City of Boise agreed to increase the amount to $700 and the opportunity to draw to 72 months.

The draw period shall end 72 months after the initial draw, at which time, the District will begin reimbursing the amounts drawn plus accrued interest over two hundred forty (240) months. Interest will accrue on each draw, at a rate equal to the 10-Year Treasury Constant Maturity Rate plus 0.68%. The initial draw was completed on September 30, 2021. As of September 30, 2025, the District made draws of $483.

Debt Service Requirements

Maturities of the District's long-term debt obligations are as follows for the years ended September 30:

	Governmental Activities						
	Bonds		Direct Placement		Administrative Expense Advance		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	$ 100	$ 267	$ 552	$ 267	$ -	$ -	$ 1,186
2027	109	258	568	251	-	-	1,186
2028	118	248	583	236	17	24	1,226
2029	132	238	599	220	16	25	1,230
2030	141	226	615	204	16	25	1,227
2031-2035	934	913	3,339	757	95	110	6,148
2036-2040	1,435	410	2,197	319	119	85	4,565
2041-2045	-	-	898	94	150	54	1,196
2046-2050	-	-	-	-	70	12	82
	$ 2,969	$ 2,560	$ 9,351	$ 2,348	$ 483	$ 335	$ 18,046

Note 6 – Pledged Revenues

A development agreement between the City of Boise and the District stipulates that the annual debt service secured by the pledge of ad valorem taxes be generally limited to $3.00 per $1,000 of assessed market valuation. The District has pledged future special assessment revenues to repay $3,920 in special assessment revenue bonds issued in April 2011. Proceeds from the bonds provided financing to facilitate the cost of public infrastructure for Harris Ranch. The special revenue bonds are payable solely from special assessment revenues and are payable through 2040. Annual principal and interest payments on the special revenue bonds are expected to require 100% of the pledged revenues. The total principal and interest remaining to be paid on the special revenue bonds is $5,529. Principal and interest paid for the current year and pledged revenues received were $446 and $394, respectively.

Note 7 – Commitment and Contingencies

Infrastructure Commitments

In accordance with the District's development agreement, bonds will be issued to provide monies to finance certain "community infrastructure" and this infrastructure may be projects constructed by the developer of Harris Ranch. Therefore, projects costs may be incurred by the developer that have not been reimbursed by the District. The District is liable for payment only from the proceeds of the sale of the bonds issued for acquiring the project that have been approved by the District Board as being community infrastructure under the Idaho Code, Title 50, Chapter 31 and the June 22, 2010 District Development Agreement No. 1 signed by the City of Boise, the District, and the Harris Family Limited Partnership. Approved projects submitted, approved, and pending future bond financing are $15,690, excluding accrued interest. Accrued interest is calculated from the completion of project through the date when a project is acquired with bond funds.

Claims and Lawsuits

The District is involved in pending and threatened litigation. While it is not feasible to predict or determine the ultimate outcome of this matter, in management's opinion, they will not have a material adverse effect upon the accompanying financial statements.

Required Supplementary Information

Harris Ranch Community Infrastructure District #1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - GENERAL FUND
For the year ended September 30, 2025

(amounts in thousands)

	Budget			
	Original	Final	Actual Amounts	Variance
Revenues				
Property taxes, levied for general purpose	$ 2,207	$ 2,207	$ 2,261	$ 54
Property taxes, levied for special assessment	401	401	394	(7)
Investment income	-	-	21	21
Miscellaneous	13,065	13,065	-	(13,065)
Total revenues	15,673	15,673	2,676	(12,997)
Expenditures				
Community and economic development	3,713	3,713	94	3,619
Debt Service				
Principal payments	627	627	702	(75)
Bond issuance costs	2,977	2,977	-	2,977
Interest and fiscal charges	578	578	563	15
Total expenditures	7,895	7,895	1,359	6,536
Excess (Deficiency) of revenues Over (under) expenditures	7,778	7,778	1,317	(6,461)
Other Financing Sources				
Interfund transfer in	335	335	-	(335)
Issuance of administrative expense advance	-	-	71	71
Issuance of debt	(8,113)	(8,113)	-	8,113
Total other financing sources	(7,778)	(7,778)	71	7,849
Net changes in fund balances	-	-	1,388	1,388
Fund balance, beginning of year	2,313	2,313	2,313	-
Fund balance, end of year	$ 2,313	$ 2,313	$ 3,701	$ 1,388

See notes to the required supplementary information

Note 1 - Budgets and Budgetary Accounting

The basis of budgeting refers to the conventions for recognition of costs and revenues in budget development and in establishing and reporting appropriations, which are the legal authority to spend or to collect revenues.

The City, and the District as a component unit of the City, used a modified accrual basis for budgeting in governmental funds. Under Idaho State Law, unspent appropriations from prior years must be specifically "rebudgeted," via resolution of the District, or "encumbered," to be carried forward into the next fiscal year. A valid, legal commitment such as a contract or purchase order is required for encumbrances.

The budget is fully reconciled to the accounting system at the beginning of the year, and in preparing the financial statements at year end. Several adjustments are made to reflect balance sheet needs and their effect on the budget. These include changes in designations and reserves and recognition, via studies and analysis of various sorts, of accrued liabilities. Reconciliations are completed in quarterly and annual budget to actual reports.

The following procedures are used by the District to establish budgetary control:

- Prior to October 1, the budget for the general fund is legally enacted (adoption) through passage of a resolution which includes a public hearing process.
- Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Total appropriations represent budget amounts as originally adopted plus current year adjustments, approved prior year encumbrances, uncompleted items (primarily capital and equipment) carried forward to the following year and new projects or expenditures approved by the District Board of Directors from prior year unspent dollars and appropriation changes approved during the year.
- Since the District contracts with the City to provide the necessary administrative duties, during the fiscal year, all expenditures are authorized by invoice, purchase order, or journal entry. These expenditures are reviewed per procedures outlined in the City Code related to budget authority, funds availability, adherence to City purchasing procedures, and sound business practice.
- Idaho State Code allows the District to reopen the annual budget if a need for increased appropriations beyond the budgeted total is experienced. The reopened budget must be adopted by following a process like that, which was used to adopt the original budget, including public hearings and adoption of a revised annual appropriations ordinance. The legal requirement of budgetary control in the State of Idaho is at the fund level.

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 Board of Directors
Harris Ranch Community Infrastructure District No. 1
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Harris Ranch Community Infrastructure District No. 1 (the District), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 17, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 have not been identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Eide Bailly LLP

Boise, Idaho
March 17, 2026