

EAGLE URBAN RENEWAL AGENCY

FINANCIAL STATEMENTS

Year Ended September 30, 2015

EAGLE URBAN RENEWAL AGENCY

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FINANCIAL SECTION

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Independent Auditor's Report

Board of Commissioners
Eagle Urban Renewal Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eagle Urban Renewal Agency (the Agency), a component unit of the City of Eagle, Idaho, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and 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 the management's discussion and analysis information 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, and 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 28, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Quest CPAs, P.C.

Payette, Idaho
December 28, 2015

BASIC FINANCIAL STATEMENTS

EAGLE URBAN RENEWAL AGENCY

Statement of Net Position

September 30, 2015

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$261,108
Taxes Receivable	2,862
Prepaid Rent	37,800
Total Current Assets	<u>301,770</u>
Total Assets	<u><u>\$301,770</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$6,718
Due to Joint School District No. 2	841
Total Current Liabilities	<u>7,559</u>
Total Liabilities	<u><u>7,559</u></u>
Net Position	
Unrestricted	<u>294,211</u>
Total Net Position	<u><u>294,211</u></u>
Total Liabilities and Net Position	<u><u>\$301,770</u></u>

EAGLE URBAN RENEWAL AGENCY

Statement of Activities

Year Ended September 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	
Governmental Activities					
Current Expenditures					
Administration & Contracts	\$147,734				(\$147,734)
Projects	67,018				(67,018)
Joint School District No. 2	64,568				(64,568)
Total	<u>\$279,320</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(279,320)</u>
	General Revenues				
	Property Taxes				212,962
	Total				<u>212,962</u>
	Change in Net Position				(66,358)
	Net Position - Beginning				<u>360,569</u>
	Net Position - Ending				<u><u>\$294,211</u></u>

EAGLE URBAN RENEWAL AGENCY

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Balance Sheet - Governmental Funds

September 30, 2015

	General Fund
Assets	
Cash	\$261,108
Taxes Receivable	2,862
Prepaid Rents	37,800
Total Assets	<u><u>\$301,770</u></u>
Liabilities	
Accounts Payable	\$6,718
Due to Joint School District No. 2	841
Total Liabilities	<u><u>7,559</u></u>
Deferred Inflows of Resources	
Unavailable Tax Revenues	1,387
Total Deferred Inflows of Resources	<u><u>1,387</u></u>
Fund Balances	
Nonspendable	37,800
Assigned	33,750
Unassigned	221,274
Total Fund Balances	<u><u>292,824</u></u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$301,770</u></u>

EAGLE URBAN RENEWAL AGENCY

Balance Sheet - Governmental Funds

September 30, 2015

**Reconciliation of Total Governmental Fund Balances to Net
Position of Governmental Activities**

Total Governmental Fund Balances \$292,824

Amounts reported for governmental activities in the statement of net
position are different because:

Certain receivables are not available to pay for current period
expenditures and therefore are deferred in the funds. 1,387

Net Position of Governmental Activities \$294,211

EAGLE URBAN RENEWAL AGENCY

Page 1 of 2

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2015

	General Fund
Revenues	
Property Taxes	\$216,553
Total Revenues	<u>216,553</u>
Expenditures	
Current Expenditures	
Administration & Contracts	147,734
Projects	67,018
Joint School District No. 2	64,568
Total Expenditures	<u>279,320</u>
Net Change in Fund Balances	(62,767)
Fund Balances - Beginning	<u>355,591</u>
Fund Balances - Ending	<u><u>\$292,824</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2015

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities**

Net Change in Fund Balances - Total Governmental Funds (\$62,767)

Amounts reported for governmental activities in the statement of activities are different because:

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (3,591)

Change in Net Position of Governmental Activities (\$66,358)

EAGLE URBAN RENEWAL AGENCY

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Eagle Urban Renewal Agency (the Agency) provides urban renewal services as authorized by Idaho Code. The Agency’s board of commissioners is appointed by the mayor and confirmed by the city council of the City of Eagle, Idaho. As such, the Agency is defined as a component unit of the City of Eagle, Idaho.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to urban renewal agencies. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Agency are discussed below.

Basic Financial Statements - Government-Wide Statements – The Agency’s basic financial statements include both government-wide (reporting the Agency as a whole) and fund financial statements (reporting the Agency’s major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the Agency’s activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the Agency’s functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

As the Agency has only one function (providing urban renewal services) which is reported in one fund, all expenses are considered direct and, accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the Agency as an entity and the change in the Agency’s net position resulting from the current year’s activities.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the Agency are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

EAGLE URBAN RENEWAL AGENCY

Notes to Financial Statements

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the Agency include:

General Fund – The general fund is the Agency’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Due to Joint School District No. 2 – Per Resolution 08-36, a portion of the taxes that the Agency collects are pass-through funds which the Agency remits to Joint School District No. 2.

Accordingly, a portion of the taxes receivable listed on the statement of net position and balance sheet – governmental funds at year end is due to Joint School District No. 2.

Deferred Inflows of Resources – The Agency’s financial statements may report a separate section for deferred inflows of resources which reflects an increase in resources that applies to a future period. This situation occurs in instances where certain grant revenues or property tax revenues are not collected within thirty days after the end of the Agency’s fiscal year (thus not meeting the criteria for revenue recognition under the modified accrual basis of accounting). When such grant revenues or property tax revenues are later collected, they are recognized in the governmental fund financial statements by increasing revenue and decreasing the related deferred inflow of resources account.

EAGLE URBAN RENEWAL AGENCY

Notes to Financial Statements

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the Agency first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the Agency first utilizes committed resources then assigned resources before using unassigned resources.

Property Taxes – The Agency receives a portion of the property taxes generated by the taxing entities within the Agency's taxing district. The taxes are collected by the respective county and then remitted back to the Agency. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk – The Agency maintains its cash at insured financial institutions. Balances generally do not exceed federally insured limits.

Risk Management – The Agency is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

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

EAGLE URBAN RENEWAL AGENCY

Notes to Financial Statements

B. CASH

Cash consists of the following at year end:

Cash - Deposits	<u>\$261,108</u>
Total	<u><u>\$261,108</u></u>

Deposits – At year end, the carrying amounts of the Agency's deposits were \$261,108 and the bank balances were \$261,108. Of the bank balances, \$250,000 was insured and the balance was uninsured and uncollateralized.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The Agency's investment policy complies with state statutes.

C. OPERATING LEASE

The Agency has an operating lease for use of certain property. The lease's term is from February 1, 2015 through January 31, 2017. Monthly lease payments are determined using the following method. Monthly rent for the lease is prepaid by the Agency paying certain demolition and removal costs related to the leased property. Then the total amount of such demolition and removal costs is divided over the lease term and applied to each month of the lease to determine the monthly lease payment. As such, total monthly lease payments for the year amounted to \$18,900.

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE URBAN RENEWAL AGENCY
 Budgetary Comparison Schedule - General Fund
 Year Ended September 30, 2015

<u>General Fund</u>	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$198,000	\$198,000	\$216,553	\$18,553
Total Revenues	<u>198,000</u>	<u>198,000</u>	<u>216,553</u>	<u>18,553</u>
Expenditures				
Current Expenditures				
Administration & Contracts	20,000	20,000	147,734	(127,734)
Projects	418,000	418,000	67,018	350,982
Joint School District No. 2	60,000	60,000	64,568	(4,568)
Total Expenditures	<u>498,000</u>	<u>498,000</u>	<u>279,320</u>	<u>218,680</u> *
Net Change in Fund Balances	(300,000)	(300,000)	(62,767)	237,233
Fund Balances - Beginning	<u>300,000</u>	<u>300,000</u>	<u>355,591</u>	<u>55,591</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$292,824</u>	<u>\$292,824</u>

*Total expenditures (over) under appropriations.

OTHER REPORTS



**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***

Board of Commissioners
Eagle Urban Renewal Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Eagle Urban Renewal Agency (the Agency), a component unit of the City of Eagle, Idaho, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs, P.C.

Payette, Idaho
December 28, 2015