

2014 ANNUAL REPORT EAGLE URBAN RENEWAL AGENCY

General Statement.

Pursuant to Idaho Code Section 50-2006 the Eagle Urban Renewal Agency (“EURA” or “Agency”) is required to file with the local governing body, the City of Eagle, each year an annual report of its activities for the preceding calendar year. This report is to include a complete financial statement setting forth the assets, liabilities, income and operating expense at the end of the calendar year. The Eagle Urban renewal Agency directed that an audit be conducted of the agency’s financial statements for fiscal year 2013-2014 which runs from October 1, 2013 through September 30, 2014. The Board reviewed and approved the audit. The audit was performed by Quest CPA’s, P.C. It was a clean audit and the auditor found no irregularities in the financial statements. A copy of the approved audit is attached to this report as Exhibit 2. The Agency also directed that an annual year-end financial statement be generated for the calendar year 2014. This is not an audited statement but rather compiled from the bookkeeping records of the Agency. Copies of the calendar year-end statements are attached to this Report as Exhibit 3. The Agency changed banks to DL Evans Bank.

The City of Eagle formally approved the Downtown and East Eagle Urban Renewal Plan (“Plan”) on December 11, 2007 via Eagle City Ordinance No. 592. The ordinance became effective on publication on December 24, 2007. Since that approval the EURA has commenced and worked on the implementation of the approved Plan.

Agency Board Members, Officers, Consultants and Support Staff.

The Eagle City Council initially established in Resolution No. 11-01 that the number of agency board members was seven. For the year 2014 the Agency Board Members consisted of Jim Reynolds, Mark Butler, Mary McFarland, Jeff Kunz and Stan Ridgeway. The two new members of the Board were Jeff Kunz and Stan Ridgeway. The Board elected Mark Butler as Chairman, Jeff Kunz as Vice-Chairman, and Lindsey Pretty Weasel as Secretary/Treasurer and custodian of the records. During 2014 Borton-Lahey Law Office served as general legal counsel to the URA Board. The Agency retained Davison, Copple, Copple and Copple as special legal counsel. The Agency retained the law firm of Moore Smith Buxton and Turcke as bond counsel and Cameron Arial with Zions Bank as their bonding consultant.

The agency maintained its membership in the Redevelopment Association of Idaho.

The Board continued to work with the members of the Eagle Urban Renewal Agency Working Group during the initial months of the year. Working Group member Jane Kramer resigned in May. The Working Group was not active or utilized during the remainder of the year.

Agency Activities.

The Board engaged in numerous discussions of various options and actions regarding the Tri-City Meats property. The Board met with the owners of the property several times to discuss the opportunities to work together to enhance this blighted property within the urban renewal area and get rid of the dilapidated structures. After several meetings the Board and the property owners decided to pursue negotiations of acceptable terms for the lease of the Tri-City Meats property. Following those negotiations the Board entered into a lease of the property enabling the Agency to pursue a contract for the demolition and removal the old buildings and trees. The cost of the demolition would be applied as pre-paid rent for the term of the lease. The lease provided the Agency the ability to construct public parking on the property. Following demolition and tree removal the Agency plans to build a public parking area on the property.

The Board investigated and pursued many efforts and options to work with the land owners (Smiths) to improve the old Chevron Station property on the SW corner of State Street and Eagle Road. The Board continued to pursue previous discussions with the Smiths for a lease of the property. Those discussions were not successful. The Board also pursued discussions for the purchase of the property. The Board hired Idaho Land and Appraisal to appraise the old Chevron property so both parties would have a good understanding regarding its value. The Agency's repeated attempts throughout the year to lease or purchase the property were unsuccessful and the property remained in its dilapidated condition during 2014.

The Board also made an offer to purchase the Goldman property. The Agency ultimately did not purchase the property.

The Agency provided financial support to the Eagle Sculpture Invitational sponsored by the Eagle Arts Commission. The Board contributed \$5000 to be used to assist in the purchase of the winning piece of art with the understanding that it would be permanently located in the District boundaries and the piece would be owned by the city and available for public enjoyment.

The Board continued to emphasize the construction of public infrastructure and improvements within the District during 2014.

The Board negotiated an owner reimbursement Agreement with Downs Realty for the required improvements constructed in the public right of way as part of the Down's renovation and improvement of the building located 221 S. Eagle Road.

The Board listened to presentations by Shawn Nickel and Architect Walt Lindgren regarding curb, gutter and sidewalk improvements to be funded in advance of a mixed use project located on the SE corner of 2nd and Idaho.

Bob Bruce also initiated discussions with the Board about sidewalks being installed on the west side of 1st Street and near the Old Eagle Hotel.

John Rennison of Rennison Engineering and Caleb Roope of the Pacific Companies made a presentation to the Board regarding the potential to partner with the Agency to facilitate construction of a YMCA as part of the Pacific Companies' project in conjunction with the Eagle Tennis Club and their project in Edgewood Crossing. Jim Everett of the Treasure Valley YMCA advised that a YMCA in Eagle was not on their strategic plan for the year but they would be very interested in exploring an opportunity to locate a YMCA in Eagle. He discussed their YMCA in Caldwell and their partnership with the Caldwell Urban Renewal Agency. He advised that it has been a very successful facility for the community. Legal Counsel reviewed the structure of the partnership between the YMCA and the Caldwell URA. Darwin Parker of Banner Bank reviewed potential bonding opportunities for the project which would be repaid by the increment revenue generated by the project. The board desired to continue discussions of the potential for a YMCA in Eagle.

The Board continued to consider the possibility of issuing bonds for various projects in the district boundaries but did not do so during 2014.

Revenues.

The only source of revenues for the EURA is revenue allocation funds (tax increment revenue) generated within the revenue allocation area and certain initial funds that were advanced by the City of Eagle. For 2014 the Agency received gross revenue allocation funds of \$198,201.81 and net revenue allocation funds of \$139,930.68 after distribution to the Eagle School District.

Expenditures.

The agency will continue to look for opportunities to leverage its funding sources and work with developers, property owners and public entities to locate and consider redevelopment opportunities and assist with funding projects that positively impact the urban renewal area in accordance with the EURA Plan.

Operating Expenses.

The attached financial statements show the agency's expenses. The EURA, as required by Idaho code, approved its FY 2014-2015 budget. A copy of the published budget is attached to this annual report as Exhibit 1.

Assets.

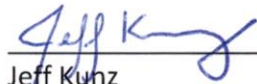
The EURA's assets are comprised solely of cash accounts and property taxes receivable. The major portion of Agency's property tax revenues are received twice per year at the end of January and end of July. Smaller amounts of delinquent taxes are received during the course of the year.

Liabilities and Debt.

The EURA's liabilities consist only of current accounts payable and deferred revenue. The Agency's only long-term debt in the past was the obligation to repay the City for funds initially advanced to the Agency which was paid off in 2012.

Significant Changes in EURA's Financial Position.

Excepting repayment of the City's initial advance, the Agency has and continues to operate in a pay-as-you-go environment, committing only those funds to projects that can be funded out of current funds or projected tax increment revenues in a given fiscal year along with any accrued account balance from previous years.



Jeff Kunz

Chairman, Eagle Urban Renewal Agency

March 30, 2015

Exhibit 1

LEGAL NOTICE
NOTICE OF ADOPTION OF BUDGET
Budget for Fiscal Year 2015
Eagle Urban Renewal Agency
Eagle, Idaho

Following notice and the public hearing held pursuant to Idaho Code 50-1002 on Wednesday, August 5, 2014 at the Eagle City Hall, the Eagle Urban Renewal Agency adopted its Fiscal Year 2014-2015 Budget as set forth below. This budget is being published pursuant to Idaho Code Section 50-2903(5) and funds the programs, services and capital projects that the Agency Board has determined to be important to meet the Agency's strategic goals. Any questions may be directed to: Eagle Urban Renewal Agency, Attn: Mark Butler, Chairman, 660 E. Civic Ln., Eagle, Idaho 83616.

	FY 2013 <u>Actual</u>	FY 2014 <u>Budget-Original</u>	FY 2014 <u>Actual to Date</u>	FY 2015 <u>Budget</u>
REVENUE				
Revenue - Taxes	\$200,094	\$198,000.00	\$129,750	\$ 198,000.00
Revenue – Carry Forward	\$236,624	\$252,869.00	\$313,424	\$ 300,000.00
TOTAL REVENUE	\$436,624	\$450,869.00	\$343,174	\$498,000.00
EXPENDITURES				
General	\$17,850	\$16,000.00	\$14,535	\$ 20,000.00
Debt	\$0	\$0	\$0	\$ 0
Projects/Reserves	\$360,499	\$374,869.00	\$0	\$ 418,000.00
School District #2	\$58,369	\$60,000	\$ 38,414	\$ 60,000.00
TOTAL EXPENSES	\$436,718	\$450,869.00	\$52,949	\$498,000.00

Further information may be found at: www.eagleurbanrenewal.org

Todd Lakey
Legal Counsel
Eagle Urban Renewal Agency

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Year Ended September 30, 2014

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, 2014, 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, 2014, 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 9, 2014, 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

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BASIC FINANCIAL STATEMENTS

EAGLE URBAN RENEWAL AGENCY

Statement of Net Position

September 30, 2014

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash	\$359,210
Taxes Receivable	7,503
Total Current Assets	<u>366,713</u>
Total Assets	<u><u>\$366,713</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$3,938
Due to Joint School District No. 2	2,206
Total Current Liabilities	<u>6,144</u>
Total Liabilities	<u>6,144</u>
Net Position	
Unrestricted	<u>360,569</u>
Total Net Position	<u>360,569</u>
Total Liabilities and Net Position	<u><u>\$366,713</u></u>

See Accompanying Notes

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EAGLE URBAN RENEWAL AGENCY

Statement of Activities

Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities					Governmental Activities
Current Expenditures					
Administration & Contracts	\$19,196				(\$19,196)
Projects	0				0
Joint School District No. 2	57,442				(57,442)
Total	<u>\$76,638</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(76,638)</u>
General Revenues					
Property Taxes					200,250
Total					<u>200,250</u>
Change in Net Position					123,612
Net Position - Beginning					236,957
Net Position - Ending					<u>\$360,569</u>

See Accompanying Notes

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EAGLE URBAN RENEWAL AGENCY
Balance Sheet - Governmental Funds
September 30, 2014

Page 1 of 2

	General Fund
Assets	
Cash	\$359,210
Taxes Receivable	7,503
Total Assets	<u>\$366,713</u>
Liabilities	
Accounts Payable	\$3,938
Due to Joint School District No. 2	2,206
Total Liabilities	<u>6,144</u>
Deferred Inflows of Resources	
Unavailable Tax Revenues	4,978
Total Deferred Inflows of Resources	<u>4,978</u>
Fund Balances	
Unassigned	355,591
Total Fund Balances	<u>355,591</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u>\$366,713</u>

See Accompanying Notes

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EAGLE URBAN RENEWAL AGENCY
Balance Sheet - Governmental Funds
September 30, 2014

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

Total Governmental Fund Balances	\$355,591
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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.	4,978
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Net Position of Governmental Activities	<u>\$360,569</u>
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See Accompanying Notes

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EAGLE URBAN RENEWAL AGENCY

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Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2014

	General Fund
Revenues	
Property Taxes	\$196,404
Total Revenues	<u>196,404</u>
Expenditures	
Current Expenditures	
Administration & Contracts	19,196
Projects	0
Joint School District No. 2	57,442
Total Expenditures	<u>76,638</u>
Net Change in Fund Balances	119,766
Fund Balances - Beginning	<u>235,825</u>
Fund Balances - Ending	<u><u>\$355,591</u></u>

See Accompanying Notes

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EAGLE URBAN RENEWAL AGENCY

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Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2014

**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 \$119,766

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. 3,846

Change in Net Position of Governmental Activities \$123,612

See Accompanying Notes

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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	\$359,210
Total	<u><u>\$359,210</u></u>

Deposits – At year end, the carrying amounts of the Agency's deposits were \$359,210 and the bank balances were \$359,302. 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.

REQUIRED SUPPLEMENTARY INFORMATION

EAGLE URBAN RENEWAL AGENCY
 Budgetary Comparison Schedule - General Fund
 Year Ended September 30, 2014

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$198,000	\$198,000	\$196,404	(\$1,596)
Total Revenues	<u>198,000</u>	<u>198,000</u>	<u>196,404</u>	<u>(1,596)</u>
Expenditures				
Current Expenditures				
Administration & Contracts	16,000	16,000	19,196	(3,196)
Projects	374,869	374,869	0	374,869
Joint School District No. 2	60,000	60,000	57,442	2,558
Total Expenditures	<u>450,869</u>	<u>450,869</u>	<u>76,638</u>	<u>374,231 *</u>
Net Change in Fund Balances	<u>(252,869)</u>	<u>(252,869)</u>	<u>119,766</u>	<u>372,635</u>
Fund Balances - Beginning	<u>252,869</u>	<u>252,869</u>	<u>235,825</u>	<u>(17,044)</u>
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$355,591</u>	<u>\$355,591</u>

**Total expenditures (over) under appropriations.*

See Auditor's Report

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OTHER REPORTS

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
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, 2014, 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 9, 2014.

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 9, 2014

Exhibit 3

3/30/2015

Report: Balance Sheet

Eagle Urban Renewal Agency 2

BALANCE SHEET

As of December 31, 2014

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking x7606	347,793.46
Total Bank Accounts	<u>\$347,793.46</u>
Other current assets	
Taxes Receivable	0.00
Total Other current assets	<u>\$0.00</u>
Total Current Assets	<u>\$347,793.46</u>
TOTAL ASSETS	<u>\$347,793.46</u>
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Deferred Revenues	0.00
Loan Payable - City of Eagle	0.00
School District Payable	0.00
Year End Accounts Payable	0.00
Total Other Current Liabilities	<u>\$0.00</u>
Total Current Liabilities	<u>\$0.00</u>
Total Liabilities	<u>\$0.00</u>
Equity	
Retained Earnings	355,591.25
Net Income	-7,797.79
Total Equity	<u>\$347,793.46</u>
TOTAL LIABILITIES AND EQUITY	<u>\$347,793.46</u>

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3/30/2015

Report: Profit and Loss

Eagle Urban Renewal Agency 2

PROFIT AND LOSS

January - December 2014

	TOTAL
Income	
Eagle Urban Renewal	198,201.81
Total Income	\$198,201.81
Cost of Goods Sold	
School District Payment	58,271.13
Total Cost of Goods Sold	\$58,271.13
Gross Profit	\$139,930.68
Expenses	
Contract Labor	3,785.00
Dues & Subscriptions	899.64
Insurance	100.00
Insurance - Liability	1,431.00
Legal & Professional Fees	2,979.66
Accountant	51.76
Legal Fees	10,440.42
Total Legal & Professional Fees	13,471.84
Office Expenses	45.48
Project Reimbursements	5,000.00
Total Expenses	\$24,732.96
Net Operating Income	\$115,197.72
Net Income	\$115,197.72

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