

## **2015 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 EURA budget for fiscal year 2014-2015 is attached hereto as Exhibit 1. The Eagle Urban Renewal Agency directed that an audit be conducted of the agency's financial statements for fiscal year 2014-2015, which runs from October 1, 2014 through September 30, 2015. The Board reviewed and approved the audit. The audit was performed by Quest CPAs, 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 2015. This is not an audited statement, but rather is compiled from the bookkeeping records of the Agency. Copies of the calendar year-end statements are attached to this report as Exhibit 3.

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 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 established in Resolution No. 669 that the Mayor and City Council members will comprise the Agency board members. For the year 2015, the Agency board members consisted of Jim Reynolds, Mark Butler, Mary McFarland, Jeff Kunz and Stan Ridgeway. At the beginning of the year, the officers serving out the remainder of their terms were as follows: Mark Butler as Chairman, Jeff Kunz as Vice-Chairman, and Lindsey Pretty Weasel as Secretary/Treasurer and custodian of the records. At the Board meeting on February 3, 2015, new officers were elected as follows: Jeff Kunz as Chairman, Jim Reynolds as Vice-Chairman, and Lindsey Pretty Weasel as Secretary/Treasurer and custodian of the records.

Commissioner Mark Butler submitted a resignation from the Board due to property ownership conflict of interest issues, but ultimately resolved the conflict issues and rescinded his resignation before the Board meeting where his resignation would have been considered. The local governing body, the City of Eagle, enacted an ordinance allowing Board members to resign from the Agency.

During 2015, Borton-Lakey Law Office served as general legal counsel to the EURA Board.

The Agency maintained its agreement with Davison, Copple, Copple and Copple to serve as special legal counsel.

The Agency also maintained its agreement with the law firm of Moore Smith Buxton and Turcke as bond counsel. Cameron Arial with Zions Bank served as bond consultant.

The Board approved Resolution 15-001 to authorize issuing bonds in an amount not to exceed \$950,000.00. The Board later approved an issuance of bonds in an aggregate amount of \$600,000.00 with a 15-year repayment period without directing the bond counsel and bond consultant to issue and sell the bonds. However, the Board ultimately determined that bond funding was not needed and no bonds were issued in 2015.

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

The Eagle Urban Renewal Agency Working Group was neither active nor utilized during the year.

### **Agency Activities**

The following is a general summary of some of the major activities of the Agency during the year 2015.

In 2014, the Board entered into a lease of the Tri-City Meats property to enable the Agency to pursue a contract for the demolition and removal of the old dilapidated buildings and trees and to utilize the property for a parking lot. In 2015, the Board continued to work with the owners of the Tri-City Meats property toward these goals. The Board directed that a Phase I environmental study be performed for the Tri-City Meats property and the old Chevron property. The Phase I environmental study came back clean for both properties. After putting the demolition out for bids, the Board entered into a contract with Magnum Demolition for the demolition and removal of the old buildings and trees and rough grading of the site. Magnum Demolition completed that work. The Board approved the development of plans and authorized agency staff to pursue a conditional use permit with the City for a parking lot to be located on the property. The Board ultimately decided not to pursue the conditional use permit and not to construct the parking lot improvements on the property. Alternatively, the Board decided to grade the property, put down road mix, control weeds, place barriers around the perimeter of the property and post signage regarding the public's limited use of the property for temporary parking. The Board felt this would be more cost effective and better facilitate private development of the property. Chairman Kunz spent a significant amount of personal time mowing weeds and putting up signage on the property. The EURA entered into a Memorandum of Understanding (MOU) for maintenance services with the City regarding the property, which excluded weed control. Additionally, the EURA entered into a weed control



contract with Pro-Vision Landscape Services, purchased used railroad ties from RR Ties & Trailers, contracted with Wagner Farms Construction to grade the premises and place the railroad ties around the perimeter of the property and purchased signage from MyParkingSign.com. The work set forth in these contracts was completed and the materials were utilized during construction of the temporary parking lot. The property continues to be poised for private development.

The Board investigated and pursued many efforts and options to work with the land owners of the old Chevron gas station (Smiths) and to improve the property, which is located on the southwest corner of State Street and Eagle Road. The Board desired to find a solution to the blighted and dilapidated condition of the property. In 2015, the Board continued to pursue alternatives and discussions with the owners 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 Board's appraisal valued the property at \$360,000.00. The Board made an offer to purchase the property for that amount. The Smiths declined the Board's offer. 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 most of 2015. At the March 3, 2015 meeting, the Board took public comment regarding issuing an authorization and order to pursue condemnation of the property. Following public comment, a majority of the Board voted to issue the authorization and order of condemnation. Through their legal counsel, Heather Cunningham, the Board filed a complaint in the district court for condemnation. Litigation and settlement discussions ensued. The Board approved the development and submittal to the City of Eagle of a sub-project plan for blight removal and a public parking area on the property. Legal counsel was directed to submit the sub-project plan to the City and make the presentations to the City. The EURA also utilized the professional services of Bonnie Harper, a land use planner, and South Landscape Architecture in the preparation of the sub-project plan and in working with the City. The sub-project plan included both the Smith property and the Tri-city Meats property. Prior to the condemnation hearing, the EURA and the Smiths agreed to mediate in an effort to settle the litigation. Following mediation, the parties settled the case and executed a settlement agreement. The old gas station was demolished and removed during 2015 by the property owners.

A request for reimbursement of the cost of certain public improvements for the property located on the southeast corner of E. Idaho Avenue and N. 2<sup>nd</sup> Street was presented by Shawn Nickel and Walt Lindgren. There were no immediate plans to otherwise improve or develop the property. The Board did not approve the request, but asked for periodic updates regarding the status of the property and any development projects planned to occur thereon.

The Board executed an owner reimbursement agreement with Downs Realty. After clarifying the nature and location of the completed public improvements, the Board approved the reimbursement of the cost of those improvements for the Downs Realty project.

John Rennison and Tim Mannschreck requested a letter of commitment from the EURA regarding reimbursement for public improvements pertaining to their Cottonwood Meadows



Senior Apartments project. The Board authorized legal counsel to prepare a non-binding letter of intent (LOI) regarding the parties' intentions. Rennison and Mannschreck requested the LOI to assist with their application to the Idaho Housing and Finance Association. The Board approved execution by the Chairman of the non-binding LOI.

Commissioner Butler developed an initial list of the projects that had been discussed for potential funding or involvement by the EURA. The Board desired to develop a list of prioritized projects to help guide them in future decision-making versus solely handling requests for assistance with the costs of public improvements on an as-submitted basis. The Board asked for a proposal from Ashley Squyres with AF Public Solutions. She has done this kind of work with other entities and urban renewal agencies. Ms. Squyres presented her thoughts to the Board and also asked for their input before submitting her proposal. The Board requested that legal counsel prepare an agreement with AF Public Solutions incorporating her proposal, but put the final decision on hold so the new Board members taking office in 2016 could make the final decision.

The Board received a request from the Eagle Elementary School of the Arts for assistance with campus art projects. The Board determined that the school was located outside the district boundaries and did not make a determination on whether the request complied with the EURA Plan.

The Pacific Companies and the YMCA proposed that the EURA partner with them for the construction of a YMCA and reimbursement of certain public improvements as part of The Pacific Companies' private development project, which incorporated the YMCA. The Board met multiple times with representatives of The Pacific Companies, the YMCA and the City of Caldwell's Finance Director that approved a similar project for a YMCA. Ultimately, The Pacific Companies and the YMCA decided to withdraw and postpone their request to partner with the EURA for construction of a YMCA. The Pacific Companies wanted to bring the issue back at a later time for further public input and determination of whether there was a public desire to have a YMCA in Eagle at this location. The Pacific Companies requested that the EURA enter into an Owner Participation Agreement (OPA) for reimbursement of the costs associated with certain public improvements pertaining to their private development projects known as the East End Marketplace, Edgewood Crossing and Eagle Lakes. At its December meeting, the Board ultimately approved entering into the OPA with The Pacific Companies and various owner entities of the real property. The Board authorized the Chairman to work with legal counsel to make any final changes based on the discussions of the Board in reviewing the draft OPA and to execute the OPA when the Chairman was satisfied that it was correct. The OPA provided for reimbursement of the costs of the public improvements over time with funding coming from 75% of the net tax increment revenues generated by the applicable development properties. The final version of the OPA was not completed and executed until February 1, 2016. Some of the improvements associated with the project known as Eagle Lakes (specifically, the public recreational facilities) were not included in the OPA, but were described in a separate, non-binding letter of intent (LOI). The LOI addressed the intent of the parties and the potential to enter into a new OPA or to amend the existing OPA regarding the applicable

improvements. At its December meeting, the Board also authorized the Chairman to finalize and execute the LOI based on the discussions of the Board. The LOI was also not finalized and executed until February 1, 2016.

The Board considered a funding request for construction of an alley way and related improvements on approximately five properties located on the north side of E. Idaho Avenue between N. Eagle Road and N. 1<sup>st</sup> Street. Walt Lindgren with Johnson Architects gave a presentation to the Board regarding the request. The alley exists, but is undeveloped, overgrown and hidden from sight. Some of the existing structures encroach into the alley. There is an open ditch running the entire length of the alley that needs to be dealt with as part of the improvements. There were no pending plans to sell or develop any of the five adjacent parcels. The Board did not approve the request and decided to wait until development was more imminent.

The Board approved a reimbursement agreement with Virtual IT, Inc. for approximately 200 linear feet of streetscape improvements. The Board authorized the Chairman to finalize and execute the agreement. Although controlled by the same individuals as Virtual IT, Inc., the owner of the property for purposes of the agreement was Rockbound Properties, LLC. The agreement was not finalized and executed by the Chairman until January 27, 2016.

The Board authorized the Chairman and legal counsel to prepare a letter to the City of Eagle, the Ada County Highway District (ACHD) and the Idaho Transportation Department (ITD) supporting the concept of a right-in, right-out access on the north side of State Highway 44 generally at the halfway point between the N. Eagle Road intersection and State Street/Edgewood Lane intersection and a roadway connecting the access point to the Plaza Drive extension. The letter was sent.

The Board estimated a ten percent increase in projected revenues as it established its FY 2015-2016 budget.

The Board continued to emphasize the construction of public infrastructure and improvements within the district during 2015. The Board continued to consider the possibility of issuing bonds for projects in the district boundaries, but did not do so during 2015.

## **Revenues**

The only source of revenues for the EURA is revenue allocation funds (tax increment revenues) generated within the revenue allocation area and certain initial funds that were advanced by the City of Eagle. For 2015, the Agency received gross revenue allocation funds of \$218,793.77 and net revenue allocation funds of \$154,225.72 after distributions to the West Ada 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 2015-2016 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 typically at the end of January and the end of July. Smaller amounts of delinquent taxes are received during the course of the year. The Agency does not own any real property.

## **Liabilities and Debt**

The EURA's liabilities generally consist only of current accounts payable and deferred revenues. The EURA has not yet issued any bonds.

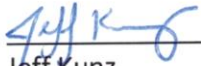
Although not executed in 2015, the Agency approved entering into an OPA with the entities affiliated with The Pacific Companies for reimbursement of certain public improvements to be constructed by The Pacific Companies as part of its development projects known as the East End Marketplace, Edgewood Crossing and Eagle Lakes. However, the funds for reimbursement of the costs of these public improvements will come only from 75% of the net tax increment revenues generated by the new development projects on those specific properties, with the EURA retaining the remaining 25% of the net tax increment revenues. The Pacific Companies and their affiliated entities bear all of the risks that the applicable portion of the net tax increment revenues generated from their projects will be sufficient to reimburse them for the cost of the reimbursable public improvements.

Although not executed in 2015, the Agency also approved an Owner Participation Agreement with Rockbound Properties, LLC for reimbursement of certain public improvements in an amount not to exceed \$98,105.00, should the company complete the improvements and the improvements are acceptable to the EURA.

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**

Except for 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.



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Jeff Kunz

Chairman, Eagle Urban Renewal Agency

March 25, 2016

**Exhibit 1**

**EAGLE URBAN RENEWAL AGENCY  
BUDGET**

	<u>FY 2014 Actual</u>	<u>FY 2015 Budget-Original</u>	<u>FY 2015 Actual to Date</u>	<u>Proposed FY 2016 Budget</u>
<b>REVENUES</b>				
Revenues - Taxes	\$196,404.00	\$198,000.00	\$151,597.69	\$217,800.00
Revenues - Carry Forward	\$235,825.00	\$300,000.00	\$355,591.25	\$200,000.00
<b>TOTAL REVENUES</b>	<b>\$432,229.00</b>	<b>\$498,000.00</b>	<b>\$507,188.94</b>	<b>\$417,800.00</b>
<b>EXPENDITURES</b>				
General	\$19,196.00	\$20,000.00	\$101,709.60	\$ 30,000.00
Debt	\$0	\$0	\$0	\$ 0
Projects/Reserves	\$355,591.00	\$418,000.00	\$70,919.47	\$327,800.00
West Ada School District	\$57,442.00	\$60,000	\$42,798.20	\$60,000.00
<b>TOTAL EXPENDITURES</b>	<b>\$432,229.00</b>	<b>\$498,000.00</b>	<b>\$215,427.27</b>	<b>\$417,800.00</b>



**Exhibit 2**

**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.

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

See Accompanying Notes

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# EAGLE URBAN RENEWAL AGENCY

Statement of Activities  
Year Ended September 30, 2015

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					
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					360,569
Net Position - Ending					<u>\$294,211</u>

See Accompanying Notes

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**EAGLE URBAN RENEWAL AGENCY**  
 Balance Sheet - Governmental Funds  
 September 30, 2015

Page 1 of 2

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

See Accompanying Notes

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**EAGLE URBAN RENEWAL AGENCY**  
Balance Sheet - Governmental Funds  
September 30, 2015

Page 2 of 2

**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

See Accompanying Notes

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**EAGLE URBAN RENEWAL AGENCY** Page 1 of 2  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended September 30, 2015

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

See Accompanying Notes

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**EAGLE URBAN RENEWAL AGENCY**  
Notes to Financial Statements

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**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

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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

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**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 20<sup>th</sup> and June 20<sup>th</sup>. 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

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**B. CASH**

Cash consists of the following at year end:

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

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$198,000	\$198,000	\$216,553	\$18,553
<b>Total Revenues</b>	<u>198,000</u>	<u>198,000</u>	<u>216,553</u>	<u>18,553</u>
<b>Expenditures</b>				
Current Expenditures				
Administration & Contracts	20,000	20,000	147,734	(127,734)
Projects	60,000	60,000	67,018	(7,018)
Joint School District No. 2	418,000	418,000	64,568	353,432
<b>Total Expenditures</b>	<u>498,000</u>	<u>498,000</u>	<u>279,320</u>	<u>218,680 *</u>
<b>Net Change in Fund Balances</b>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(62,767)</u>	<u>237,233</u>
<b>Fund Balances - Beginning</b>	<u>300,000</u>	<u>300,000</u>	<u>355,591</u>	<u>55,591</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$292,824</u>	<u>\$292,824</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  
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.

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### **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



**Exhibit 3**

**EAGLE URBAN RENEWAL AGENCY  
CALENDAR YEAR-END STATEMENTS**

**Eagle Urban Renewal Agency  
PROFIT AND LOSS  
January - December 2015**

	<u>TOTAL</u>
Income	
Eagle Urban Renewal	218,793.77
Total Income	<u>\$218,793.77</u>
Cost of Goods Sold	
School District Payment	64,568.05
Total Cost of Goods Sold	<u>\$64,568.05</u>
Gross Profit	<u>\$154,225.72</u>
Expenses	
Contract Labor	16,121.58
Dues & Subscriptions	3,183.97
Insurance	100.00
Insurance - Liability	1,095.50
Legal & Professional Fees	76,640.88
Accountant	33.75
Legal Fees	48,294.81
Other Professional Fees	7,500.00
Total Legal & Professional Fees	<u>132,469.44</u>
Office Expenses	618.97
Project Reimbursements	61,869.47
Repair & Maintenance	400.00
Total Expenses	<u>\$215,858.93</u>
Net Operating Income	<u>\$ -61,633.21</u>
Net Income	<u><u>\$ -61,633.21</u></u>

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# Eagle Urban Renewal Agency

## BALANCE SHEET As of December 31, 2015

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Checking x7606	248,045.60
Total Bank Accounts	\$248,045.60
Other current assets	
Taxes Receivable	0.00
Total Other current assets	\$0.00
Total Current Assets	\$248,045.60
Other Assets	
Prepaid Rent	37,800.00
Total Other Assets	\$37,800.00
<b>TOTAL ASSETS</b>	<b>\$285,845.60</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Deferred Revenues	0.00
Loan Payable - City of Eagle	0.00
School District Payable	-314.65
Year End Accounts Payable	0.00
Total Other Current Liabilities	\$ -314.65
Total Current Liabilities	\$ -314.65
Total Liabilities	\$ -314.65
Equity	
Retained Earnings	293,359.79
Net Income	-7,199.54
Total Equity	\$286,160.25
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$285,845.60</b>

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