

Eagle Urban Renewal Agency

Year Ended September 30, 2021

Audited Financial Statements



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Quest CPAs PLLC

EAGLE URBAN RENEWAL AGENCY

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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) as of and for the year ended September 30, 2021, 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, 2021, 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 not included 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 information, although not 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 not including this information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Quest CPAs PLLC

Payette, Idaho
November 22, 2021

EAGLE URBAN RENEWAL AGENCY

Statement of Net Position

September 30, 2021

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash & Investments	\$2,923,641
Taxes Receivable	10,234
Total Current Assets	<u>2,933,875</u>
Noncurrent Assets	
Nondepreciable Capital Assets	110,820
Depreciable Capital Assets	156,168
Total Noncurrent Assets	<u>266,988</u>
Total Assets	<u><u>\$3,200,863</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$37,961
Total Current Liabilities	<u>37,961</u>
Total Liabilities	<u>37,961</u>
Net Position	
Net Investment in Capital Assets	266,988
Unrestricted	2,895,914
Total Net Position	<u>3,162,902</u>
Total Liabilities and Net Position	<u><u>\$3,200,863</u></u>

EAGLE URBAN RENEWAL AGENCY

Statement of Activities
Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Revenue And Changes in Net Position
					Governmental Activities
Governmental Activities					
Current Expenditures					
Operating Costs	\$90,688				(\$90,688)
Project Costs					0
Downtown Grid Design	23,978			\$53,667	29,689
Downtown Parking Study	82,571				(82,571)
Eagle/State Design	9,451				(9,451)
Palmetto Road Extension	312,962				(312,962)
Property Acq/Redevel/Improve	18,089				(18,089)
Other Projects/OPA	0				0
Capital Assets	3,323				(3,323)
Total	<u>\$541,062</u>	<u>\$0</u>	<u>\$0</u>	<u>\$53,667</u>	<u>(487,395)</u>
General Revenues					
Tax Increment Revenue					1,272,299
Interest Income					8,315
Other Revenue					0
Total					<u>1,280,614</u>
Change in Net Position					793,219
Net Position - Beginning					<u>2,369,683</u>
Net Position - Ending					<u><u>\$3,162,902</u></u>

EAGLE URBAN RENEWAL AGENCY

Balance Sheet - Governmental Funds

September 30, 2021

	General Fund
Assets	
Cash & Investments	\$2,923,641
Taxes Receivable	10,234
Total Assets	<u><u>\$2,933,875</u></u>
Liabilities	
Accounts Payable	\$37,961
Total Liabilities	<u>37,961</u>
Deferred Inflows of Resources	
Unavailable Tax Revenues	9,133
Total Deferred Inflows of Resources	<u>9,133</u>
Fund Balances	
Unassigned	2,886,781
Total Fund Balances	<u>2,886,781</u>
Total Liabilities and Deferred Inflows of Resources and Fund Balances	<u><u>\$2,933,875</u></u>

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

Total Governmental Fund Balances \$2,886,781

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 266,988

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 9,133

Net Position of Governmental Activities \$3,162,902

EAGLE URBAN RENEWAL AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2021

	General Fund
Revenues	
Tax Increment Revenue	\$1,269,932
Interest Income	8,315
Other Revenue	53,667
Total Revenues	1,331,914
 Expenditures	
Current Expenditures	
Operating Costs	90,688
Project Costs	
Downtown Grid Design	23,978
Downtown Parking Study	82,571
Eagle/State Design	9,451
Palmetto Road Extension	312,962
Property Acq/Re devel/Improve	18,089
Other Projects/OPA	0
Total Expenditures	537,739
Net Change in Fund Balances	794,175
Fund Balances - Beginning	2,092,606
Fund Balances - Ending	\$2,886,781

EAGLE URBAN RENEWAL AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2021

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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 \$794,175

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

Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the excess of capital outlays over (under) depreciation expense in the current period. (3,323)

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 2,367

Change in Net Position of Governmental Activities \$793,219

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 and operates under a board of commissioners form of government. 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.

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.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the Agency include:

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

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 full 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.

Investments – Investments are measured using the market approach and include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

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

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Capital Assets and Depreciation – Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of any depreciable assets is recorded using the straight line method.

Deferred Outflows/Inflows of Resources – The Agency’s financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

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 restricted 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

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

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.

Tax Increment Revenue – 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.

Custodial Credit Risk – The Agency maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The Agency does not have a formal policy concerning custodial credit risk.

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.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$17,217
Investments - Local Gov't Investment Pool	2,906,424
Total	<u><u>\$2,923,641</u></u>

Deposits – At year end, the carrying amounts of the Agency's deposits were \$17,217 and the bank balances were \$18,617. The bank balances were insured.

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

Investment Type	Investment Maturity Schedule (In Years)	
	Less Than 1	Total
Local Gov't Invest Pool	\$2,906,424	\$2,906,424
Total	\$2,906,424	\$2,906,424

Credit rate risk:

Investment Type	Investment Rating Schedule	
	Not Rated	Total
Local Gov't Invest Pool	\$2,906,424	\$2,906,424
Total	\$2,906,424	\$2,906,424

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.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$110,820			\$110,820
Total	<u>110,820</u>	<u>\$0</u>	<u>\$0</u>	<u>110,820</u>
Depreciable Capital Assets				
Buildings	166,136			166,136
Subtotal	<u>166,136</u>	<u>0</u>	<u>0</u>	<u>166,136</u>
Accumulated Depreciation				
Buildings	6,645	3,323		9,968
Subtotal	<u>6,645</u>	<u>3,323</u>	<u>0</u>	<u>9,968</u>
Total	<u>159,491</u>	<u>(3,323)</u>	<u>0</u>	<u>156,168</u>
Net Capital Assets	<u>\$270,311</u>	<u>(\$3,323)</u>	<u>\$0</u>	<u>\$266,988</u>

Depreciation expense of \$3,323 was charged to the capital assets program.

EAGLE URBAN RENEWAL AGENCY
Budgetary Comparison Schedule - General Fund
Year Ended September 30, 2021

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
Revenues				
Tax Increment Revenue	\$1,270,816	\$1,270,816	\$1,269,932	(\$884)
Interest Income	10,000	10,000	8,315	(1,685)
Other Revenue	600	600	53,667	53,067
Total Revenues	1,281,416	1,281,416	1,331,914	50,498
Expenditures				
Current Expenditures				
Operating Costs	160,981	160,981	90,688	70,293
Project Costs				
Downtown Grid Design	42,500	42,500	23,978	18,522
Downtown Parking Study	78,201	78,201	82,571	(4,370)
Eagle/State Design	12,038	12,038	9,451	2,587
Palmetto Road Extension	350,000	350,000	312,962	37,038
Property Acq/Redevel/Improve	0	0	18,089	(18,089)
Other Projects/OPA	1,056,000	1,056,000	0	1,056,000
Total Expenditures	1,699,720	1,699,720	537,739	1,161,981 *
Net Change in Fund Balances	(418,304)	(418,304)	794,175	(1,111,483)
Fund Balances - Beginning	418,304	418,304	2,092,606	1,674,302
Fund Balances - Ending	\$0	\$0	\$2,886,781	\$562,819

*Total expenditures (over) under appropriations.



**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) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated November 22, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 PLLC

Payette, Idaho
November 22, 2021