

**EAGLE URBAN RENEWAL AGENCY**

**FINANCIAL STATEMENTS**

**Year Ended September 30, 2013**

**EAGLE URBAN RENEWAL AGENCY**

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**FINANCIAL SECTION**

Audits  
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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, as of and for the year ended September 30, 2013, 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, 2013, 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 26, 2013, 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 26, 2013

## **BASIC FINANCIAL STATEMENTS**

**EAGLE URBAN RENEWAL AGENCY**

Statement of Net Position

September 30, 2013

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Current Assets	
Cash	\$236,625
Taxes Receivable	2,822
Total Current Assets	<u>239,447</u>
<b>Total Assets</b>	<u><u>\$239,447</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$1,660
Due to Joint School District No. 2	830
Total Current Liabilities	<u>2,490</u>
<b>Total Liabilities</b>	<u><u>2,490</u></u>
<b>Net Position</b>	
Unrestricted	<u>236,957</u>
<b>Total Net Position</b>	<u><u>236,957</u></u>
<b>Total Liabilities and Net Position</b>	<u><u>\$239,447</u></u>



**EAGLE URBAN RENEWAL AGENCY**

Statement of Activities

Year Ended September 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue And Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	
<b>Governmental Activities</b>					
Current Expenditures					
Administration & Contracts	\$18,649				(\$18,649)
Projects	69,495				(69,495)
Joint School District No. 2	58,369				(58,369)
<b>Total</b>	<u>\$146,513</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(146,513)</u>
	<b>General Revenues</b>				
	Property Taxes				193,630
	<b>Total</b>				<u>193,630</u>
	<b>Change in Net Position</b>				47,117
	<b>Net Position - Beginning</b>				<u>189,840</u>
	<b>Net Position - Ending</b>				<u><u>\$236,957</u></u>

**EAGLE URBAN RENEWAL AGENCY**

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## Balance Sheet - Governmental Funds

September 30, 2013

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$236,625
Taxes Receivable	2,822
<b>Total Assets</b>	<u>\$239,447</u>
<b>Liabilities</b>	
Accounts Payable	\$1,660
Due to Joint School District No. 2	830
<b>Total Liabilities</b>	<u>2,490</u>
<b>Deferred Inflows of Resources</b>	
Unavailable Tax Revenues	1,132
<b>Total Deferred Inflows of Resources</b>	<u>1,132</u>
<b>Fund Balances</b>	
Unassigned	235,825
<b>Total Fund Balances</b>	<u>235,825</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$239,447</u>

**EAGLE URBAN RENEWAL AGENCY**

Balance Sheet - Governmental Funds

September 30, 2013

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

**Total Governmental Fund Balances** \$235,825

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. 1,132

**Net Position of Governmental Activities** \$236,957

**EAGLE URBAN RENEWAL AGENCY**

Page 1 of 2

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended September 30, 2013

	<b>General Fund</b>
<b>Revenues</b>	
Property Taxes	\$199,726
<b>Total Revenues</b>	<u>199,726</u>
<b>Expenditures</b>	
Current Expenditures	
Administration & Contracts	18,649
Projects	69,495
Joint School District No. 2	58,369
<b>Total Expenditures</b>	<u>146,513</u>
<b>Net Change in Fund Balances</b>	53,213
<b>Fund Balances - Beginning</b>	<u>182,612</u>
<b>Fund Balances - Ending</b>	<u><u>\$235,825</u></u>

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year Ended September 30, 2013

**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** \$53,213

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. (6,096)

**Change in Net Position of Governmental Activities** \$47,117

# 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. As such, the Agency is defined as a component unit of the City of Eagle.

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, liabilities, 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, when present, are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets, liabilities, revenues, and 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.

The Agency may report deferred inflows of resources on its financial statements. For the fund financial statements, deferred inflows of resources arise when assets (i.e. receivables) are recorded before the related revenues are available (i.e. before both the "measurable" and "available" criteria for revenue recognition in the current period are met). In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized.

**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 Agency 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 Agency 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 Agency No. 2.

**Net Position** – Net position is assets plus deferred outflows of resources (when they exist) less liabilities less deferred inflows of resources (when they exist). The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt that are attributable to the acquisition, improvement, or

## EAGLE URBAN RENEWAL AGENCY

### Notes to Financial Statements

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construction of those assets and adjusted for any related deferred outflows or inflows of resources (when they exist). Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources (when they exist) related to those assets. Restricted assets are assets that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties.

**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 are not expected to be converted into cash. 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	<u>\$236,625</u>
<b>Total</b>	<u><u>\$236,625</u></u>

**Deposits** – At year end, the carrying amounts of the Agency's deposits were \$236,625 and the bank balances were \$236,625. The bank balances were insured.

**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, 2013

<b>General Fund</b>	<b>Budgeted Amounts (GAAP Basis)</b>		<b>Actual Amounts</b>	<b>Final Budget Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property Taxes	\$170,000	\$170,000	\$199,726	\$29,726
<b>Total Revenues</b>	<u>170,000</u>	<u>170,000</u>	<u>199,726</u>	<u>29,726</u>
<b>Expenditures</b>				
Current Expenditures				
Administration & Contracts	12,870	12,870	18,649	(5,779)
Projects	244,230	244,230	69,495	174,735
Joint School District No. 2	49,900	49,900	58,369	(8,469)
<b>Total Expenditures</b>	<u>307,000</u>	<u>307,000</u>	<u>146,513</u>	<u>160,487</u> *
<b>Net Change in Fund Balances</b>	(137,000)	(137,000)	53,213	190,213
<b>Fund Balances - Beginning</b>	<u>137,000</u>	<u>137,000</u>	<u>182,612</u>	<u>45,612</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$235,825</u>	<u>\$235,825</u>

\*Total expenditures (over) under appropriations.

**OTHER REPORTS AND SCHEDULES**

Audits  
Taxes  
Special Services



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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, as of and for the year ended September 30, 2013, 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 26, 2013.

**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 26, 2013

**EAGLE URBAN RENEWAL AGENCY**

Schedule of Findings and Responses

Year Ended September 30, 2013

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Agency.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Agency, which would be required to be reported in accordance *Government Auditing Standards*, were disclosed during the audit.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.