

# **2017 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 2017-2018 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 2016-2017, which runs from October 1, 2016 through September 30, 2017. 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 2017. 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 first Board meeting in month of January 2017, the Agency board members consisted of Jeff Kunz, Stan Ridgeway, Naomi Preston, Stan Bastian and Craig Soelberg. At the beginning of the year, the officers serving out the remainder of their terms were as follows: Jeff Kunz as Chairman, Naomi Preston as Vice-Chairman, and Lindsey Pretty Weasel as Secretary/Treasurer. Ms. Pretty Weasel had advised the board that she would no longer be able to serve as Secretary/Treasurer but gave the Board time to find a replacement. The Board updated the job description for the secretary and posted the position to receive applications from interested persons. In February the Board recognized Ms. Pretty Weasel for her service to the agency and she vacated the position of Secretary/Treasurer. The Board utilized its memorandum of agreement with the City of Eagle to have Ellen Smith, one of the Deputy City Clerks to act as interim Secretary/Treasurer. After attempting to hire a Secretary/Treasurer the Board determined to retain Ellen Smith as the Secretary on and on-going basis under the agreement with the City of Eagle.

The Board delayed election of new officers until the April 4, 2017 meeting. At the April meeting the Board elected the following officers: Jeff Kunz as Chairman, Stan Bastian as Vice Chairman and Craig Soelberg as Treasurer and Ellen Smith as Secretary. The Board acknowledged that these officers would only hold office until July 1, 2017. In 2016 the Idaho Legislature enacted significant revisions to the Idaho Urban Renewal Laws in House Bill 606. These changes directed that members of the local governing body (City Council) may be members of the EURA board but cannot constitute a majority of the Board. The legislation required that the necessary changes to the Board in this regard must be made prior to July 1, 2017. Pursuant to that legislation the City of Eagle passed Ordinance 778 regarding the appointment of EURA board members so that it was consistent with state code.

At the July 18, 2017 Board meeting Mayor Ridgeway swore in the new EURA Board members as follows: Stan Bastian, Naomi Preston, Jason Pierce, Janet Buschert and Miranda Gold. The new Board elected officers as follows: Stan Bastian Chairman, Jason Pierce Vice Chairman, Miranda Gold Treasurer and Ellen Smith to continue as Secretary.

During 2017, Borton-Lakey Law Office served as general legal counsel to the EURA Board.

No bonds were issued in 2017.

The agency maintained its membership in the Redevelopment Association of Idaho. The Board selected Jason Pierce as its representative to the association.

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

The agency continued its contractual relationship with its auditor, Quest CPAs.

The agency continued its contractual relationship with Valice for website services. The board approved making several upgrades and improvements to the website.

## **Agency Activities**

The following is a general summary of some of the major activities of the Agency during the year 2017.

In 2014, the Board entered into a lease of the Tri-City Meats property to enable the Agency to demolish and remove the old dilapidated buildings and trees and to utilize the property for a parking lot. The EURA's lease of the parking area on the Tri-City Meats Property expired January 31, 2017. The Board did not renew the lease and found an individual to remove the railroad ties used in conjunction with the parking area. The Tri-City Meats site is no longer a blighted property and is now better situated for redevelopment. The Board also

modified its agreement with the City regarding maintenance of the property since it was no longer being leased by the EURA.

The new EURA Board continued its work regarding strategic planning to provide strategic direction and goals for the agency. This effort included work to develop a potential prioritized list of projects to be emphasized in the implementation of the EURA revitalization plan and which would be the focus of the agency activities. The Board previously entered in to a professional services agreement with AF Public Solutions to facilitate the strategic planning process. The Board conducted an open house on February 7, 2017 to assist in performing a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis. The new board members determined that they wanted to continue to work with Ms. Squyres/AF Public Solutions to finish the analysis and complete the strategic planning process and develop a list of potential projects. Ms. Squyres worked with the Board to update and complete the SWOT analysis. She also worked with the Board to outline the public outreach process that the Agency would use to gather input from the public to assist the board in its strategic planning efforts. This effort included development of a survey to be completed by city residents and business and property owners.

The EURA Board continued working with a citizens group that refers to itself as the Beautify Downtown Eagle Committee. The Committee previously presented a plan in 2016 to beautify the downtown by installing historic looking signage identifying general business districts and flower planters. The Committee, the EURA and the City worked together to identify specific sign designs and implemented the purchase and placement of historic wayfinding signage and flower planters.

The EURA previously entered into an Owner Reimbursement Agreement with Rockbound Properties for reimbursement of the costs certain public improvements to be completed as part of their commercial project in the urban renewal district. Tavis Reche on behalf of Rockbound advised the Board that they were having difficulty in moving the project forward due to increased construction costs and securing financing due to limited comparable properties. Rockbound approached the EURA requesting to amend the timeline in their agreement with the EURA and to increase the reimbursable costs and scope for the specified public improvements due to the increased construction costs and the need to include other public improvements not previously included. After providing more details regarding the changes in the project, the increased construction costs and additional types of public improvements the Board agreed to extend the term of their agreement to July 27, 2018 and increase the amount of reimbursement for the public improvements from \$98,000.00 to \$160,613.00.

At the June 6, 2017 board meeting the Board terminated its previous letter of intent regarding the Cottonwood Meadows Senior Housing Project dated February 12, 2015. The project was not moving forward.

The Board approved acquisition of a credit card to cover minor board expenses. The credit card was to be provided to the agency secretary, used only for agency expenses that cannot be invoiced through the mail and have a maximum credit limit of \$1,500.00. The board also provided procedures for the use and payment of the credit card expenses.

The Board approved entering into an MOU with the City regarding equally sharing the cost of the purchase of an out parcel that is needed for the extension of Palmetto Drive and a connection to Highway 44. The agreed upon cost for the property was \$8.00 a square foot for approximately .155 acres. Under the agreement the EURA would be the owner of the property and seek reimbursement from the City for its share of the cost. The EURA would also transfer the property to those needing it for the development of the project and the road connection to Hwy 44 in a manner that is mutually agreeable with the City. The EURA agreed to extend the term of its MOA with the City, fire district and the private land owners regarding the cost sharing for the engineering design services for the Palmetto Drive extension and connection to Hwy 44 to June 30, 2018. The Agency agreed to extend the term of its agreement with Riveridge Engineering regarding the engineering design services for the Palmetto Drive extension and connection to Hwy 44 to June 30, 2018. The Board also approved the purchase and sale agreement regarding the purchase of the outparcel. The project and engineering design services have experienced some delay due to one of the private properties that is needed for the project being tied up in a family dispute and potential litigation. The Board directed Riveridge Engineering to perform the work on the intersection with Hwy 44 so the ITD permit could be obtained while waiting for the issue with the property involving the family dispute to be resolved.

Board attorney Todd Lakey provided training to the Board members at a special meeting on July 26, 2017. At the October 23, 2017 meeting Phil McGrane, chief deputy clerk for Ada County provided training to the Board on how tax increment funds are collected by the county and then provided to the EURA.

The Board approved its preliminary budget and published notice for its hearing on the budget. No members of the public attended the budget hearing and the Agency approved its fiscal year 2017/2018 budget. Those documents are attached with this report.

The board received various updates and communications related to its Owner Participation Agreement ("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. The project and the construction of the reimbursable public improvements moved forward in 2017. Attorney Lakey provided the new board members with the background regarding the OPA and a summary of the terms contained therein. At the April 4, 2017 meeting John Rennison reported to the Board on behalf of the Pacific Companies regarding some of the reimbursable public improvements that were being bid and the Pacific Companies was moving forward on to complete. Mr. Rennison noted that the extremely busy construction market was also impacting their project and it is challenging to find contractors while construction costs are

increasing. The Board asked for some additional information regarding those improvements described by Mr. Rennison. At the May 2, 2017 meeting Mr. Rennison provided additional information regarding the public improvements. He also requested that the timeline for completion for the East End Marketplace and Eagle Lakes portions of the improvements be extended from June 30, 2017 to December 30, 2017. The Board approved this extension request. The Board approved Resolution 17-004 and the corresponding agreement to amend the OPA to include the additional approvals from the City regarding the project. At the August 1, 2017 meeting Mr. Rennison made a presentation to the Board regarding the reimbursable public improvements that correspond to the East End Marketplace and the initial estimated costs for those improvements in the amount of \$589,000.00. The board accepted the description of the improvements and the estimated cost. At the October 3, 2017 meeting John Rennison made a follow up presentation regarding the public improvements in the East End Marketplace. He specifically noted the overhead power line along Edgewood was underestimated in the initial cost projections included in the OPA. They have discovered that the placement of these utilities underground was much more complex than anticipated. He also discussed the possibility relocating part of this same line which is not on the OPA subject property underground. The increased cost was projected to be \$203,000.00. At the November 8th, 2017 board meeting Mr. Rennison and the Board continued their discussion regarding the power lines and increased costs. Locating the powerlines underground for the offsite portion of the line would require an additional agreement with the private landowners involved so Mr. Rennison decided not to further pursue that request with the Board. Mr. Rennison advised the board that the Pacific companies would absorb the additional design costs for the underground utility lines in the East End Market place and that the sum of \$333,000.00 related only to the actual hard costs for construction. The board approved amending the OPA to increase the costs associated with the relocating the Edgewood powerlines underground to an amount not the exceed \$351,000.00.

The Board continued to emphasize the construction of public infrastructure and improvements within the district during 2017. The Board understands it has the ability to consider the possibility of issuing bonds for projects in the district boundaries but did not do so during 2017.

## **Revenues**

The only current source of revenues for the EURA is revenue allocation funds (tax increment revenues) generated within the revenue allocation area. For 2017, the Agency received gross revenue allocation funds of \$518,506.46 and net revenue allocation funds of \$374,340.89 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 2017-2018 budget. A copy of the published budget is attached to this annual report as Exhibit 1.

## **Assets**

The EURA's assets are comprised primarily 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 acquired the unusual outparcel of real property related to the Palmetto Drive and Hwy 44 connection described in this report. The Agency does not intend to own this property long term but rather intends to transfer this property to facilitate the road connection and development related to that project. Otherwise the Agency does not own any real property.

## **Liabilities and Debt**

The EURA's liabilities generally consist of current accounts payable and deferred revenues. The OPA between the Agency and 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 remained in effect during 2017. Reimbursement for the specific reimbursable public improvements will come only from 75% of the net tax increment revenues generated by the new development projects on those specific properties and only form such funds actually received by the Agency. The EURA retains the remaining 25% of the net tax increment revenues. The Pacific Companies and their affiliated entities bear all the risks that the applicable portion of the net tax increment revenues generated from their projects may not be sufficient to reimburse them during the life of the Agency.

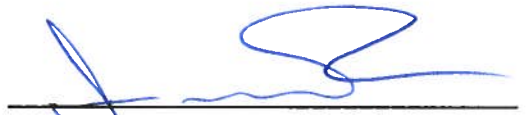
The EURA has not yet issued any bonds.

The Agency has an Owner Reimbursement Agreement with Rockbound Properties, LLC for reimbursement of certain public improvements in an amount not to exceed \$160,6713.00,

should the company complete the improvements and the improvements are acceptable to the EURA in accordance with the agreement.

#### **Significant Changes in EURA's Financial Position**

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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Jason Pierce  
Chairman, Eagle Urban Renewal Agency  
March 6, 2018

**Exhibit 1**

**EAGLE URBAN RENEWAL AGENCY**

**FY 2017-2018 BUDGET**

	<b><u>FY 2016 Budget- Actual</u></b>	<b><u>FY 2017 Budget- Original</u></b>	<b><u>FY 2017 Budget- Actual to Date</u></b>	<b><u>FY 2018 Budget- Proposed</u></b>
<b>REVENUES &amp; CARRY FORWARD</b>				
Property Taxes	\$299,064	\$501,584	\$467,985	\$677,885
Carry Forward - Beginning	\$292,824	\$200,000	\$423,603	\$200,000
<b>TOTAL REVENUES</b>	<b>\$591,888</b>	<b>\$701,584</b>	<b>\$731,222</b>	<b>\$877,885</b>
<b>EXPENDITURES</b>				
General	\$55,219	\$50,000	\$101,709	\$50,000
Debt	\$0	\$0	\$0	\$0
Projects/Reserves	\$454,763	\$504,118	\$66,635	\$628,587
West Ada School District	\$81,906	\$147,466	\$140,830	\$199,298
<b>TOTAL EXPENDITURES</b>	<b>\$591,888</b>	<b>\$701,584</b>	<b>\$309,174</b>	<b>\$877,885</b>



Exhibit 2 – FY 2016/2017 Audit

**IO A**

**EAGLE URBAN RENEWAL AGENCY**

**AUDITED FINANCIAL STATEMENTS**

**Year Ended September 30, 2017**

**EAGLE URBAN RENEWAL AGENCY**  
**Table of Contents**

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	<b><u>PAGE (S)</u></b>
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report.....	1-3
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements	
Statement of Net Position.....	4
Statement of Activities.....	5
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	6-7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	8-9
Notes to Financial Statements.....	10-13
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
Budgetary Comparison Schedule – General Fund.....	14
<b><u>OTHER REPORTS</u></b>	
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 <i>Government Auditing Standards</i> ...	15-16

## **FINANCIAL SECTION**

Audits  
Taxes  
Special Services



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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, 2017, 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, 2017, 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 January 19, 2018, 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 PLLC**

Payette, Idaho  
January 19, 2018



**EAGLE URBAN RENEWAL AGENCY****Statement of Net Position****September 30, 2017**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$625,721
Taxes Receivable	3,870
<b>Total Current Assets</b>	<u>629,591</u>
<b>Noncurrent Assets</b>	
Nondepreciable Capital Assets	55,440
<b>Total Noncurrent Assets</b>	<u>55,440</u>
<b>Total Assets</b>	<u><u>\$685,031</u></u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Due to West Ada School District	\$1,138
<b>Total Current Liabilities</b>	<u>1,138</u>
<b>Total Liabilities</b>	<u>1,138</u>
<b>Net Position</b>	
Net Investment in Capital Assets	55,440
Unrestricted	628,453
<b>Total Net Position</b>	<u>683,893</u>
<b>Total Liabilities and Net Position</b>	<u><u>\$685,031</u></u>

See Accompanying Notes

4



**EAGLE URBAN RENEWAL AGENCY**  
**Statement of Activities**  
**Year Ended September 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>Governmental Activities</b>					
Current Expenditures					
Administration & Contracts	\$30,655				(\$30,655)
Projects	80,947				(80,947)
West Ada School District	141,897				(141,897)
<b>Total</b>	<b>\$253,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(253,499)</b>
<b>General Revenues</b>					
Property Taxes					486,069
Other Revenues					27,720
<b>Total</b>					<b>513,789</b>
<b>Change in Net Position</b>					<b>260,290</b>
<b>Net Position - Beginning</b>					<b>423,603</b>
<b>Net Position - Ending</b>					<b>\$683,893</b>

See Accompanying Notes



**EAGLE URBAN RENEWAL AGENCY**  
**Balance Sheet - Governmental Funds**  
**September 30, 2017**

Page 1 of 2

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$625,721
Taxes Receivable	3,870
<b>Total Assets</b>	<u>\$629,591</u>
<b>Liabilities</b>	
Due to West Ada School District	\$1,138
<b>Total Liabilities</b>	<u>1,138</u>
<b>Deferred Inflows of Resources</b>	
Unavailable Tax Revenues	2,582
<b>Total Deferred Inflows of Resources</b>	<u>2,582</u>
<b>Fund Balances</b>	
Unassigned	625,871
<b>Total Fund Balances</b>	<u>625,871</u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u>\$629,591</u>

See Accompanying Notes

6

**EAGLE URBAN RENEWAL AGENCY**  
**Balance Sheet - Governmental Funds**  
**September 30, 2017**

Page 2 of 2

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

<b>Total Governmental Fund Balances</b>	<b>\$625,871</b>
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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.	55,440
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	2,582
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<b>Net Position of Governmental Activities</b>	<b><u>\$683,893</u></b>
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See Accompanying Notes

7

**EAGLE URBAN RENEWAL AGENCY** Page 1 of 2  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**Year Ended September 30, 2017**

	<u><b>General Fund</b></u>
<b>Revenues</b>	
Property Taxes	\$483,487
Other Revenues	27,720
<b>Total Revenues</b>	<u>511,207</u>
<b>Expenditures</b>	
Current Expenditures	
Administration & Contracts	30,655
Projects	136,387
West Ada School District	141,897
<b>Total Expenditures</b>	<u>308,939</u>
<b>Net Change in Fund Balances</b>	202,268
<b>Fund Balances - Beginning</b>	423,603
<b>Fund Balances - Ending</b>	<u>\$625,871</u>

See Accompanying Notes

8

**EAGLE URBAN RENEWAL AGENCY** Page 2 of 2  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds**  
**Year Ended September 30, 2017**

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$202,268</b>
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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 less any dispositions.	55,440
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Revenues in the statement of activities that do not provide current financial resources are deferred in the funds.	2,582
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<b>Change in Net Position of Governmental Activities</b>	<b>\$260,290</b>
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See Accompanying Notes	9
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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 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

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

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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:

*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.

**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.

**Due to West Ada School District** – Per Resolution 08-36, a portion of the taxes that the Agency collects are pass-through funds which the Agency remits to West Ada School District.

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 West Ada School District.

**Deferred Outflows/Inflows of Resources** – The Agency's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption



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

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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 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

**B. CASH**

Cash consists of the following at year end:

Cash - Deposits	\$625,721
<b>Total</b>	<b>\$625,721</b>

**Deposits** – At year end, the carrying amounts of the Agency's deposits were \$625,721 and the bank balances were \$625,721. 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 had an operating lease for use of certain property. The lease's term was 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 \$9,450 and are included in the projects expenditure/expense line on the financial statements.

**D. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Land	\$0	\$55,440		\$55,440
<b>Total</b>	<b>0</b>	<b>\$55,440</b>	<b>\$0</b>	<b>\$55,440</b>
<b>Net Capital Assets</b>	<b>\$0</b>	<b>\$55,440</b>	<b>\$0</b>	<b>\$55,440</b>



**EAGLE URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule - General Fund**  
**Year Ended September 30, 2017**

<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	\$501,584	\$501,584	\$483,487	(\$18,097)
Other Revenues	0	0	27,720	27,720
<b>Total Revenues</b>	<u>501,584</u>	<u>501,584</u>	<u>511,207</u>	<u>9,623</u>
<b>Expenditures</b>				
<b>Current Expenditures</b>				
Administration & Contracts	50,000	50,000	30,655	19,345
Projects	504,118	504,118	136,387	367,731
West Ada School District	147,466	147,466	141,897	5,569
<b>Total Expenditures</b>	<u>701,584</u>	<u>701,584</u>	<u>308,939</u>	<u>392,645 *</u>
<b>Net Change in Fund Balances</b>	(200,000)	(200,000)	202,268	402,268
<b>Fund Balances - Beginning</b>	<u>200,000</u>	<u>200,000</u>	<u>423,603</u>	<u>223,603</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$625,871</u>	<u>\$625,871</u>

\*Total expenditures (over) under appropriations.

See Auditor's Report

14

## OTHER REPORTS

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  
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, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 19, 2018.

**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 PLLC**

Payette, Idaho  
January 19, 2018

**Exhibit 3**

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

**Eagle Urban Renewal Agency**

**PROFIT AND LOSS**

January - December 2017

	<b>TOTAL</b>
<b>Income</b>	
Eagle Urban Renewal Tax Increment	490,786.46
Uncategorized Income	27,720.00
<b>Total Income</b>	<b>\$518,506.46</b>
<b>Cost of Goods Sold</b>	
School District Payment	144,165.57
<b>Total Cost of Goods Sold</b>	<b>\$144,165.57</b>
<b>GROSS PROFIT</b>	<b>\$374,340.89</b>
<b>Expenses</b>	
Advertising	376.02
Contract Labor	4,927.70
Dues & Subscriptions	2,481.25
Insurance - Liability	1,172.50
Legal & Professional Fees	25,092.59
Office Expenses	50.60
Project Reimbursements	24,953.11
Purchases	55,440.00
Repair & Maintenance	64.00
Taxes & Licenses	5.44
<b>Total Expenses</b>	<b>\$114,563.21</b>
<b>NET OPERATING INCOME</b>	<b>\$259,777.68</b>
<b>NET INCOME</b>	<b>\$259,777.68</b>



# Eagle Urban Renewal Agency

## BALANCE SHEET

As of December 31, 2017

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Checking x7608	616,122.05
Total Bank Accounts	\$616,122.05
Accounts Receivable	
Accounts Receivable (A/R)	0.00
Total Accounts Receivable	\$0.00
Total Current Assets	\$616,122.05
Other Assets	
Prepaid Rent	0.00
Total Other Assets	\$0.00
<b>TOTAL ASSETS</b>	<b>\$616,122.05</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	0.00
Year End Accounts Payable	0.00
Total Other Current Liabilities	\$0.00
	\$0.00
Total Liabilities	\$0.00
Equity	
Retained Earnings	625,671.20
Net Income	-9,749.15
Total Equity	\$616,122.05
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$616,122.05</b>

