

# HAYDEN URBAN RENEWAL AGENCY

FINANCIAL AUDIT REPORTS AND STATEMENTS

FOR THE YEAR ENDED  
September 30, 2018

*Prepared by*

*Anderson*  
BROS. CPA's, P.A.

# HAYDEN URBAN RENEWAL AGENCY

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1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099 (phone) 208-773-5108 (fax)

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Hayden Urban Renewal Agency  
Hayden, Idaho

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hayden Urban Renewal Agency, a component unit of the City of Hayden, as of and for the year ended September 30, 2018, 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 from 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, each major fund, and the aggregate remaining fund information of the Hayden Urban Renewal Agency, as of September 30, 2018, and the respective changes in financial position 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 on pages 16 through 17 be presented to supplement the basic financial statements. Such 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, or 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 discussion and analysis 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, or 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 June 4, 2019, on our consideration of the Hayden Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Hayden Urban Renewal 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 Hayden Urban Renewal Agency's internal control over financial reporting and compliance.



Anderson Bros. CPA's, P.A.  
Post Falls, Idaho  
June 4, 2019

# Hayden Urban Renewal Agency

## STATEMENT OF NET POSITION September 30, 2018

### ASSETS

Cash and cash equivalents	\$ 2,519,903
Property tax receivable	9,591
Prepaid expenses	1,349
Land	<u>1,010,120</u>
Total assets	<u>3,540,963</u>

### LIABILITIES

Accounts payable and accrued expenses	2,050
Due to other governments	<u>1,760</u>
Total liabilities	<u>3,810</u>

### NET POSITION

Net investment in capital assets	1,010,120
Unrestricted	<u>2,527,033</u>
Total Net Position	<u>\$ 3,537,153</u>

*See accompanying notes to the financial statements  
and independent auditors' report*

## Hayden Urban Renewal Agency

### STATEMENT OF ACTIVITIES For the Year Ended September 30, 2018

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General government	\$ 33,634	\$ -	\$ -	\$ -	\$ (33,634)
Public facility projects	348,208	-	-	-	(348,208)
Redevelopment projects	24,687	-	-	-	(24,687)
Tax increment rebate	61,803	-	-	-	(61,803)
	\$ 468,332	\$ -	\$ -	\$ -	(468,332)
General revenues:					
Property tax increment revenue					693,010
Interest income					30,836
Other income					100
Total general revenues					723,946
Change in Net Position					255,614
Net position - October 1, 2017					3,281,539
Net position - September 30, 2018					\$ 3,537,153

See accompanying notes to the financial statements  
and independent auditors' report

# Hayden Urban Renewal Agency

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2018

### ASSETS

Cash and cash equivalents	\$ 2,519,903
Taxes receivable	9,591
Prepaid expenses	1,349
Total assets	<u>\$ 2,530,843</u>

### LIABILITIES

Accounts payable	\$ 2,050
Due to other governments	1,760
Total liabilities	<u>3,810</u>

### DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	7,721
Total deferred inflows of resources	<u>7,721</u>

### FUND BALANCES

Nonspendable- prepaid expenses	1,349
Assigned - arts	44,816
Unassigned	2,473,147
Total fund balances	<u>2,519,312</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,530,843</u>

See accompanying notes to the financial statements  
and independent auditors' report

## Hayden Urban Renewal Agency

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2018

Total fund balances at September 30, 2018 - Governmental Funds	\$ 2,519,312
Add: Land	1,010,120
Add: Unavailable inflows of resources - property taxes	7,721
Net position of governmental activities at September 30, 2018	<u>\$ 3,537,153</u>

*See accompanying notes to the financial statements  
and independent auditors' report*



## Hayden Urban Renewal Agency

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended September 30, 2018

#### REVENUES

Property taxes	\$ 691,337
Interest income	30,836
Other income	100
Total revenues	<u>722,273</u>

#### EXPENDITURES

General government	33,634
Public facility projects	348,208
Redevelopment projects	24,687
Tax increment rebate	61,803
Total expenditures	<u>468,332</u>

#### EXCESS OF REVENUES OVER EXPENDITURES

253,941

#### NET CHANGE IN FUND BALANCES

253,941

#### FUND BALANCES - BEGINNING

2,265,371

#### FUND BALANCES - ENDING

\$ 2,519,312

*See accompanying notes to the financial statements  
and independent auditors' report*

## Hayden Urban Renewal Agency

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended September 30, 2018

Total net changes in fund balances for the year ended September 30, 2018	\$ 253,941
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	1,673
Change in net position of governmental activities for the year ended September 30, 2018	<u>\$ 255,614</u>

*See accompanying notes to the financial statements  
and independent auditors' report*

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Hayden Urban Renewal Agency (the “Agency”) is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body.

The accompanying financial statements include all aspects controlled by the Board of Commissioners of Hayden Urban Renewal Agency. The Agency is included in the City of Hayden, Idaho financial reporting based on certain criteria in GASB Statement No. 14. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Hayden, Idaho in conformity with generally accepted accounting principles (GAAP).

Under the Idaho Code, in May 2006 the Hayden City Council passed an ordinance that created the Hayden Urban Renewal Agency. The Agency was established to promote urban development and improvement in and around the City of Hayden. The Agency is governed by a board of seven commissioners. Under the Idaho Code, the Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the revenues attributable to tax increment financing. Any bonds issued are not a debt of the City. Hayden City Council is not responsible for approving the Agency budget or funding any annual deficits. The Agency controls disbursements independent of City Council.

The accounting methods and procedures adopted by Hayden Urban Renewal Agency conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Agency's basic financial statements.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. During the year ended September 30, 2013, the Agency implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The most significant of the Agency's accounting policies are described below.

**Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**Basis of Presentation – Fund Financial Statements**

The Agency uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Agency functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Agency has the following fund types:

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Basis of Presentation – Government-wide Financial Statements-(continued)

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the Agency’s major governmental fund:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the state of Idaho.

The Agency does not utilize special revenue (governmental), capital projects (governmental), proprietary or fiduciary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. When applicable, the fair value of donated assets used during the year is reported in the operating statement as an expense with a like amount reported as donated assets revenue.

*See independent auditors’ report.*

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash and Investments

In the governmental funds, cash received by the Agency is pooled for investment purposes and is presented as “cash and cash equivalents” on the financial statements. For presentation in the financial statements, cash and cash equivalents include cash on hand, amounts due from banks, and investments with an original maturity of three months or less at the time they are purchased by the Agency. Investments with an initial maturity of more than three months are reported as investments.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance for uncollectibles for property taxes was -0- at September 30, 2018.

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Agency does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.

However, claims and judgments and the non-current portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Deferred Outflows/Inflows of Resources-(continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one type of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumptions

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

The Agency has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Agency to classify and report amounts in the appropriate fund balance classifications. The Agency's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

Fund balances of the governmental funds are classified as follows in the fund financial statements:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by the Board of Commissioners by ordinance or resolution.

**Assigned**—Amounts that are designated by the Board of Commissioners for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Commissioners.

**Unassigned**—All amounts not included in other spendable classifications.

*See independent auditors' report.*

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fund Balance Flow Assumptions-(continued)

Sometimes the Agency will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Tax Revenues

Property taxes are levied by taxing agencies each November on the assessed value listed as of the previous December tax rolls. Assessed values are an approximation of market value. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments every December and June. The County Treasurer remits the appropriate collected taxes to the Agency on a monthly basis.

Property taxes are recognized when measurable and available to finance current expenditures. The criterion of available has been defined as having been received within 60 days after year-end. Any portion of taxes receivable not meeting this criterion are recorded in the deferred inflows of resources – unavailable revenue account and will be recognized as revenue when measurable and available.

Extraordinary and Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended September 30, 2018.

NOTE 2 – CASH AND INVESTMENTS

General

State statutes authorize the Agency's investments and deposits. The Agency is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

NOTE 2 – CASH AND INVESTMENTS - (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss. As of September 30, 2018, the Agency's deposits were exposed to custodial credit risk as follows:

<i>Deposits without exposure to custodial credit risk:</i>	
Amount insured by FDIC or other agencies	\$ 545,108
Amount collateralized with securities held in trust but not in Agency's name	<u>1,974,795</u>
Total deposits without exposure to custodial credit risk	<u>\$ 2,519,903</u>
<i>Deposits with exposure to custodial credit risk:</i>	
Amounts uninsured-exposed to custodial credit risk	<u>\$ -</u>
Total bank balance (deposits)	<u>\$ 2,519,903</u>

Fair value

The Agency's investments in 2a-7-like pools are valued based upon the value of pool shares. The Agency invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. The pool does not include any involuntary participants.

The balances that the Agency has in the State Investment Pool are carried at its cost of \$1,969,085. The Agency's portion of the State Investment Pool had an unrealized gain of \$5,710 at September 30, 2018, which has been recorded and recognized in the financial statements.

The Agency considers funds held in the State Investment Pool to be cash equivalents, as the Agency is able to liquidate their account at any time.

Credit risk

The Idaho State Investment Pool does not have an established credit rating but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. The Agency does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

NOTE 3 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 1,010,120	\$ -	\$ -	\$ 1,010,120
Total	<u>\$ 1,010,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,010,120</u>

See independent auditors' report.



**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Financial Statements**  
**September 30, 2018**

**NOTE 4 – TRANSACTIONS WITH PRIMARY GOVERNMENT**

Prior to August of the fiscal year ending September 30, 2017, the Hayden Urban Renewal Agency made monthly payments of \$4,167 (\$50,000 annually) to the City of Hayden pursuant to a contract to provide administrative services for the Hayden Urban Renewal Agency. Effective August of the fiscal year ending September 30, 2017, the contract was modified such that the amounts paid would be based on actual hours worked by support staff instead of a fixed amount. In total, the amounts paid to the City of Hayden for administrative services totaled \$20,744 for the fiscal year ending September 30, 2018. This amount is included in general government expenditures of \$33,634.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

On December 14, 2016, a limited Recourse Promissory Note was entered into between the Agency and Hayden Village, LLC, an Idaho limited liability company, and New Frontiers Investments, LLC in the amount of \$411,875 at 0.00% simple interest per annum. The note is scheduled to be paid in semi-annual payments at 75% of the tax revenue allocation proceeds from the private development known as the New Frontiers Property. Payments will continue until paid in full or by December 31, 2030.

**NOTE 6 – RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Agency contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

An outside insurance company protects professional liability with a \$2,000,000 liability and a \$3,000,000 umbrella. Errors and omissions liability has a \$2,000,000 liability with \$2,000,000 in the aggregate annually per insured. Additionally, crime, boiler and machinery insurance is maintained. Automobile liability has a \$2,000,000 single limit of liability.

**NOTE 7 – ASSIGNED FUND BALANCE**

The Agency has designated 5% of current tax assessments collected to be used for the arts. As of September 30, 2018, the Agency has \$44,816 remaining to be used for the arts.

**NOTE 8 – REDEVELOPMENT PROJECTS**

Expenditures for redevelopment projects for Hayden Urban Renewal Agency for the fiscal year ended September 30, 2018 related to projects on North Government Way, Hayden Avenue, and East Orchard Avenue.

## Hayden Urban Renewal Agency

### GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Year Ended September 30, 2018

	*		
	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
<b>REVENUES</b>			
Property taxes	\$ 570,000	\$ 691,337	\$ 121,337
Interest income	8,000	30,836	22,836
Other income	600,100	100	(600,000)
Total revenues	1,178,100	722,273	(455,827)
<b>EXPENDITURES</b>			
General government	74,141	33,634	(40,507)
Studies projects	-	-	-
Public facility projects	730,100	348,208	(381,892)
Redevelopment projects	853,900	24,687	(829,213)
Tax increment rebate	-	61,803	61,803
Total expenditures	1,658,141	468,332	(1,189,809)
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(480,041)	253,941	733,982
<b>NET CHANGE IN FUND BALANCES</b>	(480,041)	253,941	733,982
<b>FUND BALANCES - BEGINNING</b>	2,204,785	2,265,371	60,586
<b>FUND BALANCES - ENDING</b>	\$ 1,724,744	\$ 2,519,312	\$ 794,568

\* Budget was not amended

*See accompanying notes to the financial statements  
and independent auditors' report*

**HAYDEN URBAN RENEWAL AGENCY**  
**Notes to Budget and Actual Schedule**  
**September 30, 2018**

**NOTE 1: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Data**

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was amended in the current fiscal year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The Agency publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to October 1, the budget is adopted by resolution of the Board of Commissioners and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

The Agency properly prepared and published its budget for the year, as required by US generally accepted accounting principles and Idaho Code 33-2713A. The budget is adopted on a modified accrual basis, consistent with the fund financial statements.



1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099 (phone) 208-773-5108 (fax)

**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**

To the Board of Commissioners  
Hayden Urban Renewal Agency  
Hayden, ID 83835

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 Hayden Urban Renewal Agency, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Hayden Urban Renewal Agency's basic financial statements and have issued our report thereon dated June 4, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hayden Urban Renewal 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 Hayden Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Hayden Urban Renewal 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 a 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 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 Hayden Urban Renewal Agency's financial statements are free from 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anderson Bros. CPA's, P.A.  
Post Falls, Idaho  
June 4, 2019