

**URBAN RENEWAL AGENCY
OF THE CITY OF LEWISTON**

FINANCIAL STATEMENTS

Year Ended September 30, 2019

Board of Commissioners

Bob Blakey	Lewiston City Council
Don Beck	Nez Perce County Commissioner
Mary Hasenoehrl	Port of Lewiston Commissioner
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URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Urban Renewal Agency of the City of Lewiston
Lewiston, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Urban Renewal Agency of the City of Lewiston, a component-unit of the City of Lewiston, Idaho, as of and for the year ended September 30, 2019, 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 Agency'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 Agency'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 the major fund of the Urban Renewal Agency of the City of Lewiston as of September 30, 2019, 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 on page 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's 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Lewiston's basic financial statements. The schedule of revenues, expenditures, and changes in fund balances – governmental funds on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balances – governmental funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances – governmental funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2020, on our consideration of the Urban Renewal Agency of the City of Lewiston'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 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 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 Urban Renewal Agency of the City of Lewiston's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

February 19, 2020

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	\$ 999,183
Property tax receivable	2,457
Total current assets	<u>1,001,640</u>
NONCURRENT ASSETS	
Restricted cash	685,688
Restricted investments	191,759
Total noncurrent assets	<u>877,447</u>
Total assets	<u>1,879,087</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	73,895
Current portion of bonds payable	162,000
Total current liabilities	<u>235,895</u>
LONG-TERM OBLIGATIONS	
Bonds payable	<u>2,512,000</u>
Total liabilities	<u>2,747,895</u>
NET POSITION	
Restricted	877,447
Unrestricted	<u>(1,746,255)</u>
Total net position	<u>\$ (868,808)</u>

See accompanying notes

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

STATEMENT OF ACTIVITIES
Year Ended September 30, 2019

	Net Revenue (Expense) and Changes in Net Position
GOVERNMENTAL ACTIVITIES - EXPENSES	
NP Terrace Business and Technology Park - project expenses	\$ 171,243
NP Terrace Business and Technology Park - property tax rebate	16,149
Downtown Lewiston - legal and other expenses	16,032
East Orchards - legal and other expenses	322
East Orchards - project expenses	836,650
East Main - legal and other expenses	9,935
East Main - project expenses	49,000
Financing expenses	89,820
Total governmental activities - expenses	<u>1,189,151</u>
GENERAL REVENUES	
Property taxes for general purposes	728,377
Investment interest	9,410
Contributions from public sources	24,000
Total general revenues	<u>761,787</u>
Change in net position	(427,364)
NET POSITION, beginning of year	<u>(441,444)</u>
NET POSITION, end of year	<u>\$ (868,808)</u>

See accompanying notes

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2019

	General Fund
ASSETS	
Cash	\$ 999,183
Reserved Cash	685,688
Reserved investments	191,759
Property tax receivable	2,457
TOTAL ASSETS	\$ 1,879,087
LIABILITIES AND FUND BALANCES	
Accounts payable	\$ 73,895
Fund Balances	
Restricted	877,447
Assigned	927,745
Total fund balances	1,805,192
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,879,087
RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET - GOVERNMENTAL FUNDS	
Total fund balances - Governmental Funds	\$ 1,805,192
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, consisting of bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(2,674,000)
Total net position - Governmental Activities	\$ (868,808)

See accompanying notes

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2019

	Revenue Allocation
REVENUES	
Property taxes	\$ 728,377
Investment interest	9,410
Contributions from public sources	24,000
Total revenues	761,787
EXPENDITURES	
Debt service	1,017,820
Other expenses	1,099,331
Total expenditures	2,117,151
OTHER FINANCING SOURCES	
Issuance of revenue allocation bonds	1,460,000
Total other financing sources	1,460,000
NET CHANGE IN FUND BALANCES	104,636
FUND BALANCES, beginning of year	1,700,556
FUND BALANCES, end of year	\$ 1,805,192
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	
Net change in fund balances	\$ 104,636
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Issuance of long-term debt	(1,460,000)
Repayment of the principal of long-term debt	928,000
Change in net position - Governmental Activities	\$ (427,364)

See accompanying notes

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Urban Renewal Agency of the City of Lewiston (the Agency), was organized on October 18, 1999, under the Idaho Urban Renewal Law, Chapter 20, Title 50 of the *Idaho Code*. The Agency was established to promote economic development, create jobs, and improve the tax base through rehabilitation, conservation, redevelopment, or any combination as necessary in the interest of the public welfare of the residents of the City of Lewiston.

The Agency's governing body consists of a seven-member board of commissioners made up of an elected official from the Lewiston City Council, the Nez Perce County Commission, and the Port of Lewiston, an official from Valley Vision, the Lewiston Administrative Services Director, and two at-large members from the community. Furthermore, the Agency is considered to be a component-unit of the City of Lewiston, Idaho, due to the oversight authority of the City Council.

The City Council of the City of Lewiston, Idaho, approved revenue allocation areas, determining certain property to be a deteriorated or a deteriorating area and designated the areas as appropriate for an urban renewal project. The following is a description of the project activity through September 30, 2019, within the allocation areas:

Downtown Lewiston Tax Revenue Allocation Area – During 2013, the URA finished working on the rebuild of First and Fifth Streets, which includes all utilities, road surface, sidewalks, landscaping, lighting, and other pedestrian amenities. Also in 2013, the URA provided a \$350,000 cash match for a \$2,300,000 flood control grant. In 2016, the URA provided \$700,000 in a four-way financing package to upgrade New 6th, F Street, and portions of 9th Street and D Street roads and utilities. Additionally, parking was increased.

Main East Main Tax Revenue Allocation Area – In the center of MEM is the largest intersection in the City--Highway 12 and 21st Street. In 2019, the Idaho Transportation Department funded a major reconfiguration of the intersection. The City of Lewiston and Urban Renewal Agency have agreed to split the costs of needed water line repairs and stormwater upgrades. But because of timing, the City paid the entire local share upfront. The URA will pay the City back over time as the increment materializes.

East Orchards Sewer – Construction on phase 1 of this project began in April of 2018. This included a 9,068 foot sewer trunk line extension, 2,020 feet of sewer service pipe and 66 sewer taps. This project is forecasted to provide existing and new homeowners access to a public wastewater system reducing the number of individual septic tanks, thus, increasing development density and reducing the nitrate/nutrient and fecal coliform/E Coli levels in both Lindsey Creek and Tammany Creek.

Measurement Focus and Basis of Accounting. The financial statements of the Urban Renewal Agency of the City of Lewiston have been prepared in accordance with United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency uses the following two bases of accounting in these financial statements:

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued).

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers revenues as available if they are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB #54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB #54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency-Wide Financial Statements. The statement of net position and the statement of activities display information about the overall Agency. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the Agency since there are no “business-type activities” within the Agency. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency’s sole function of economic development within the Agency boundaries. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Agency’s funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting.

Basis of Presentation. The Agency uses the following governmental fund:

The general fund is used to account for all financial activities associated with the provision of services for the Agency. All revenues shall be deposited promptly upon receipt by the Agency into the general fund and shall be used for the following purposes:

- Pay the interest on the bonds.
- Pay the principal on the bonds.
- Fund the administration expenses.
- Fund Urban Renewal Plan and project areas outlined in the Plan.
- Any lawful purpose of the Agency.

Use of Estimates. The Agency uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the Agency uses.

Budgets. As required by Idaho law, the Agency has adopted a budget.

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments. Cash is invested by the Agency until it is needed for the purpose of maximizing investment earnings. The investments are reported at fair value at September 30, 2019. The fair value is combined with the checking account balance and is presented as cash and investments.

Long-Term Obligations. Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for early payment in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability.

Personnel. The Agency employs no personnel and, thus, has no liability disclosures for pension costs, employee compensated absence, or payroll tax accruals. However; the Agency pays a \$600 per month stipend for director services, and staff members from the City of Lewiston, Idaho, perform other operating functions that the Agency pays payroll costs of approximately \$126 per month to the City.

2. PROPERTY TAXES

In accordance with Idaho law, property taxes are levied in November for each calendar year. One-half of the property taxes are due on or before December 20th, and the remaining one-half is due on or before June 20th of the following year. A lien is filed on property after three years from the date of delinquency.

The Agency has no direct taxing power. The amount of revenue received from property taxes is determined by the amount of taxable property value and by the aggregate tax rate that the taxing entities within the Revenue Allocation Area set. The Agency receives the taxes collected on the increased valuation of property in the Revenue Allocation Area.

3. CASH AND INVESTMENTS

At September 30, 2019, the carrying amount and bank balance of the Agency’s cash deposits was \$1,876,630. The Agency’s deposits at year-end are covered by federal depository insurance for the first \$250,000 per institution, \$500,000 total, and are held in the Agency’s name. The Agency’s risk with respect to such uninsured deposits amounts to \$1,184,530 at September 30, 2019.

The following is a summary of the investment balance for the fiscal year ended September 30, 2019:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Value</u>
Certificates of Deposit:			
Potlatch No. 1 Federal Credit Union	2.62%	12/23/2020	<u>\$ 192,064</u>

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

NOTES TO THE FINANCIAL STATEMENTS

4. LONG-TERM OBLIGATIONS

During the fiscal year September 30, 2013, the Agency issued Revenue Allocation Bonds - Series 2012 A in the original amount of \$2,500,000. The debt is due in annual principal installments, with a variable interest rate from 4.100 to 3.340 percent payable in March and September of each year. Debt funds not expended for the construction project in downtown will be applied to repay the original debt.

At September 30, 2019, the annual debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest	Totals
2020	\$ 162,000	\$ 48,648	\$ 210,648
2021	168,000	42,481	210,481
2022	175,000	35,652	210,652
2023	35,000	16,149	51,149
2024	37,000	12,442	49,442
2025-2027	117,000	13,978	130,978
	<u>\$ 694,000</u>	<u>\$ 169,350</u>	<u>\$ 863,350</u>

Additionally, in the current year, the Agency issued TIF Revenue Allocation Bonds - Series 2017 in the original amount of \$1,980,000 for the funding of the East Orchard Sewer Project. The debt is due in annual principal installments, with a variable interest rate from 2.84 to 5.50 percent payable in September of each year. Interest only payments are required until September 2021. As of September 30, 2019, \$1,980,000 has been drawn on the bond proceeds.

Year Ending September 30	Principal	Interest	Totals
2020		\$ 56,232	\$ 56,232
2021	\$ 100,000	56,232	156,232
2022	105,000	53,392	158,392
2023	110,000	50,410	160,410
2024	110,000	47,286	157,286
2025-2029	550,000	249,321	799,321
2030-2034	580,000	215,875	795,875
2035-2037	425,000	47,575	472,575
	<u>\$ 1,980,000</u>	<u>\$ 776,323</u>	<u>\$ 2,756,323</u>

Revenue Allocation Bonds are limited obligations of the Agency and are not general obligations of the Agency or the City of Lewiston, Idaho. These bonds and other issued debt and the related interest are payable solely from property tax revenues from the designated Revenue Allocation Area, reserve funds, and any unobligated funds of the Agency.

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

NOTES TO THE FINANCIAL STATEMENTS

4. LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of debt transactions of the Agency for the fiscal year ended September 30, 2019:

	<u>10/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>9/30/2019</u>	<u>Due Within One Year</u>
Bonds payable					
Downtown	\$ 1,622,000		\$ 928,000	\$ 694,000	\$ 162,000
East Orchards	520,000	\$ 1,460,000		1,980,000	
	<u>\$ 2,142,000</u>	<u>\$ 1,460,000</u>	<u>\$ 928,000</u>	<u>\$ 2,674,000</u>	<u>\$ 162,000</u>

5. FUND BALANCE RESERVES AND DESIGNATIONS

Restricted Net Position. Restricted net position on the Government-wide statements represent amounts whose use are restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Net position is restricted for debt service by the bond holder on the outstanding bond.

Restricted Fund Balance. The fund balance is restricted for debt repayment by the bond holder. The fund balance is reflected as a restricted portion of fund balance in the fund financial statements since the funds are not available for general expenditures.

Assigned Fund Balance. The fund balance is assigned for assisting in the rehabilitation, conservation, redevelopment, or any combination of areas as necessary in the interest of the public welfare of the residents of the City of Lewiston.

6. SUBSEQUENT EVENT

Management has evaluated subsequent events through February 19, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUNDS

Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 504,230	\$ 684,000	\$ 728,377	\$ 44,377
Investment interest	1,300	6,509	9,410	2,901
Issuance of revenue allocation bonds			1,460,000	1,460,000
Contributions from public sources			24,000	24,000
Total revenues	<u>505,530</u>	<u>690,509</u>	<u>2,221,787</u>	<u>1,531,278</u>
EXPENDITURES				
Debt service	700,510	1,018,120	1,017,820	300
Capital outlay				
Land and improvements	450,000	1,484,742	1,056,893	427,849
Property tax rebate	14,857	16,142	16,149	(7)
Other expenses	40,000	33,000	26,289	6,711
Total expenditures	<u>1,205,367</u>	<u>2,552,004</u>	<u>2,117,151</u>	<u>434,853</u>
NET CHANGE IN FUND BALANCES	(699,837)	(1,861,495)	104,636	1,966,131
FUND BALANCES, beginning of year	<u>2,059,127</u>	<u>3,418,301</u>	<u>1,700,556</u>	<u>(1,717,745)</u>
FUND BALANCES, end of year	<u>\$ 1,359,290</u>	<u>\$ 1,556,806</u>	<u>\$ 1,805,192</u>	<u>\$ 248,386</u>

See accompanying notes

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT - GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Urban Renewal Agency of the City of Lewiston
Lewiston, Idaho

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 the major fund of the Urban Renewal Agency of the City of Lewiston, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Lewiston's basic financial statements, and have issued our report thereon February 19, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Urban Renewal Agency of the City of Lewiston'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 Urban Renewal Agency of the City of Lewiston's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Lewiston'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 Agency'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 the Urban Renewal Agency of the City of Lewiston'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PRESNELL GAGE PLLC

February 19, 2020

URBAN RENEWAL AGENCY OF THE CITY OF LEWISTON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2019

	Nez Perce Terrace	Downtown Lewiston	East Orchards Sewer	Main East Main	Total
REVENUES					
Property taxes		\$ 610,576	\$ 52,172	\$ 65,629	\$ 728,377
Investment interest	\$ 99	9,189	38	84	9,410
Contributions from public sources			24,000		24,000
Total revenues	<u>99</u>	<u>619,765</u>	<u>76,210</u>	<u>65,713</u>	<u>761,787</u>
EXPENDITURES					
Debt service					
Principal retirement		928,000			928,000
Interest		47,530	42,290		89,820
Capital outlay					
Land	171,243				171,243
Improvements			836,650	49,000	885,650
Property tax rebate	16,149				16,149
Other expenses		16,032	322	9,935	26,289
Total expenditures	<u>187,392</u>	<u>991,562</u>	<u>879,262</u>	<u>58,935</u>	<u>2,117,151</u>
OTHER FINANCING SOURCES					
Issuance of revenue allocation bonds			1,460,000		1,460,000
Total other financing sources	<u>0</u>	<u>0</u>	<u>1,460,000</u>	<u>0</u>	<u>1,460,000</u>
NET CHANGE IN FUND BALANCES	(187,293)	(371,797)	656,948	6,778	104,636
FUND BALANCES, beginning of year	<u>187,293</u>	<u>847,558</u>	<u>665,705</u>	<u>0</u>	<u>1,700,556</u>
FUND BALANCES, end of year	<u>\$ 0</u>	<u>\$ 475,761</u>	<u>\$ 1,322,653</u>	<u>\$ 6,778</u>	<u>\$ 1,805,192</u>

See accompanying notes