

**GARDEN CITY, IDAHO
URBAN RENEWAL AGENCY**

Audited Financial Statements and
Required Supplementary Information

For the Year Ended September 30, 2020

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Independent Auditor's Report

Board of Commissioners
Garden City, Idaho Urban Renewal Agency
Garden City, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the remaining fund information of the Garden City, Idaho Urban Renewal Agency (the Agency), as of and for the year ended September 30, 2020, 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 and the remaining fund information of the Garden City, Idaho Urban Renewal Agency, as of September 30, 2020, 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 15 through 16 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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021, on our consideration of the Garden City, Idaho 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 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 Garden City, Idaho Urban Renewal Agency's internal control over financial reporting and compliance.

Zwysart John & Associates, CPAs PLLC

Nampa, Idaho
February 9, 2021

Garden City, Idaho Urban Renewal Agency
Statement of Net Position
September 30, 2020

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 707,871
Receivables, Net:	
Property Taxes	30,903
Interest	164
Garden City Visitor's Bureau	75
Total Assets	739,013
 Liabilities	
Accounts Payable	2,484
City of Garden City, Idaho Payable	5,178
Total Liabilities	7,662
 Net Position	
Unrestricted	731,351
Total Net Position	\$ 731,351

The accompanying notes are an integral
part of the financial statements.

Garden City, Idaho Urban Renewal Agency
Statement of Activities
For the Year Ended September 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
Urban Renewal Agency	\$ 99,689	\$ -	\$ -	\$ -	\$ (99,689)
Reimbursed Capital Assets	666,331	-	-	-	(666,331)
Total Governmental Activities	<u>\$766,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(766,020)</u>

General Revenues:	
Property Taxes	960,250
Interest Earnings	2,557
Total General Revenues	<u>962,807</u>
Change in Net Position	196,787
Net Position, Beginning	534,564
Net Position, End	<u>\$ 731,351</u>

The accompanying notes are an integral part of the financial statements.

Garden City, Idaho Urban Renewal Agency
 Balance Sheet -
 Governmental Funds
 September 30, 2020

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 707,871
Receivables, Net:	
Property Taxes	30,903
Interest	164
Garden City Visitor's Bureau	75
Total Assets	\$ 739,013
 Liabilities	
Accounts Payable	\$ 2,484
City of Garden City, Idaho Payable	5,178
Total Liabilities	7,662
 Deferred Inflows	
Unearned Revenue - Property Tax	28,865
Total Deferred Outflows	28,865
 Fund Balance	
Unassigned	702,486
Total Fund Balance	702,486
 Total Liabilities, Deferred Inflows, and Fund Balance	 \$ 739,013

The accompanying notes are an integral
 part of the financial statements.

Garden City, Idaho Urban Renewal Agency
Reconciliation of the Balance Sheet of the Governmental
Funds to the Statement of Net Position
September 30, 2020

Total Fund Balance - Governmental Funds \$ 702,486

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Some of the property taxes receivable are not available to pay for current-period expenditures and are, therefore, deferred in the funds. However, in the government-wide statements they are not deferred.

28,865

Total Net Position - Governmental Activities

\$ 731,351

The accompanying notes are an integral
part of the financial statements.

Garden City, Idaho Urban Renewal Agency
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Governmental Funds
For the Year Ended September 30, 2020

	<u>General Fund</u>
Revenues	
Property Taxes	\$ 963,556
Interest Earnings	2,557
Total Revenues	966,113
 Expenditures	
Current:	
Urban Renewal Agency	99,689
Reimbursed Capital Expenditures	666,331
Total Expenditures	766,020
 Net Change in Fund Balance	 200,093
 Fund Balance - Beginning	 502,393
Fund Balance - Ending	\$ 702,486

The accompanying notes are an integral
part of the financial statements.

Garden City, Idaho Urban Renewal Agency
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2020

Total Net Change in Fund Balance - Governmental Funds \$ 200,093

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Some of the property tax revenue is not available to pay for current period expenditures and are, therefore, deferred in the funds. However, in the government-wide statements they are not deferred.

(3,306)

Change in Net Position of Governmental Activities

\$ 196,787

The accompanying notes are an integral
part of the financial statements.

Garden City, Idaho Urban Renewal Agency
Notes to Financial Statements
For the Year Ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Garden City, Idaho Urban Renewal Agency (the Agency) is a separate and distinct legal entity of the City of Garden City, Idaho (the City) created by and existing under the Idaho Urban Renewal Law of 1965, as amended. The Commissioners for the Agency are appointed by the Mayor and approved by the City Council. The Agency provides urban renewal services for the citizens of the City.

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

For financial reporting purposes, in conformity with governmental accounting standards, the Agency is included as a component unit in the City of Garden City, Idaho's financial statements. The Agency provides urban renewal services to the City and its citizens. 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 Garden City, Idaho in conformity with generally accepted accounting principles.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities report information on the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable with a specific function or segment.

Indirect expenses are expenses of the Agency related to the administration and support of the Agency's programs, such as personnel and accounting, and are not allocated to programs.

Garden City, Idaho Urban Renewal Agency
Notes to Financial Statements
For the Year Ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. There were no program revenues in 2020.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements: The fund financial statements provide information about the Agency's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Agency reports the following major governmental funds:

General Fund – This fund accounts for funds received by the Agency that are used to complete projects.

Basis of Accounting

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. When program expenses are incurred and there are both restricted and unrestricted resources available for use, it is the Agency's policy to use unrestricted resources first, then restricted resources.

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 sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured.

Garden City, Idaho Urban Renewal Agency
Notes to Financial Statements
For the Year Ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The Agency uses the following fund balance categories in the governmental fund Balance Sheet:

- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose or negative fund balances.

The remaining fund balance classifications (nonspendable, committed, and assigned) were not applicable for the current fiscal year. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the Agency's highest level of decision-making authority, through a resolution. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

When multiple classifications of fund balance resources are available for use, it is the Agency's intent to use restricted amounts first, followed by committed, followed by assigned, and then unassigned.

C. Assets and Liabilities

Cash Equivalents

The Agency requires all cash belonging to the Agency to be placed in the custody of the Clerk. The Agency's cash on hand, demand deposits, and short-term investments with original maturities of three months or less are considered to be cash and cash equivalents.

Capital Assets

All assets that are created or purchased by the Garden City Urban Renewal Agency are given to the city upon completion of the project.

Accounts Receivable

Accounts receivable consist of property taxes and other miscellaneous receivables. The allowance for doubtful accounts is zero as of September 30, 2020.

Garden City, Idaho Urban Renewal Agency
Notes to Financial Statements
For the Year Ended September 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over sixty days past due.

Property Taxes

Property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures. Available tax proceeds include property tax receivables expected to be collected within sixty days after the end of the year. Property taxes are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20. Property taxes become a lien on the property if they remain unpaid the following January 1.

Ada County bills and collects taxes for the Agency.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2020, the carrying amount of the Agency's deposits was \$160,800 and the respective bank balances totaled \$161,603. All of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. As of September 30, 2020, the Agency's deposits were covered by federal depository insurance or by collateral held by the Agency's agent or pledging financial institution's trust department or agent in the name of the Agency, and thus were not exposed to custodial credit risk. The Agency's formal policy is to only deposit in banks that are FDIC insured.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Agency's formal policy is to only invest in A grade or higher vehicles for collateralization.

Garden City, Idaho Urban Renewal Agency
Notes to Financial Statements
For the Year Ended September 30, 2020

2. CASH AND INVESTMENTS (continued)

Interest Rate Risk

The Agency's formal policy is to only invest in vehicles with maturities of one year or less to mitigate exposure to fair value losses caused by changing interest rates.

Investments

The Agency voluntarily participates in the State of Idaho Local Government Investment Pool (LGIP), which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is a part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer's Office and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. Oversight is with the Treasurer of the State of Idaho and Idaho Code 67-1210A defines allowable investments. The fair value of the Agency's investment in the pool is the same as the value of the pool shares.

An annual audit of the Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool. Copies of the report may be obtained from the Idaho State Treasurer's Office, 700 West Jefferson Street, Suite 126, Boise, Idaho 83702.

The Agency's investments at September 30, 2020, are summarized below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Money Market	\$ 202,070	\$ 202,070	\$ -
External Investment Pool	345,001	345,001	-
Total	<u>\$ 547,071</u>	<u>\$ 547,071</u>	<u>\$ -</u>

At the end of the year, cash was reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 160,800
Investments categorized as deposits	547,071
	<u>\$ 707,871</u>

Garden City, Idaho Urban Renewal Agency
Notes to Financial Statements
For the Year Ended September 30, 2020

3. RELATED PARTIES

The Agency partners with the City of Garden City, Idaho for various infrastructure improvements. For the year ended September 30, 2020, the Agency reimbursed the City \$689,581 in improvements and equipment. \$5,178 was due to the City at the end of the year.

The Agency partners with the Garden City Visitor's Bureau, certain administrative costs of the Bureau are paid by the Agency and reimbursed by the Bureau at a later date. For the year ended September 30, 2020, the Bureau reimbursed the Agency \$1,562. \$75 was due to the Agency at the end of the year.

4. RISK MANAGEMENT

As a component unit of the City of Garden City, Idaho, the Agency is exposed to various risks of loss including, but not limited to, damage to and loss of property and contents, and professional liabilities, i.e. errors and omissions. The City, and the Agency, participates in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for property and liability insurance. The City's and the Agency's exposure to loss from its participation in ICRMP is limited to the extent of their deductible only.

5. TAX ABATEMENTS

The Agency has entered into an agreement to refund a portion of property taxes to a specific business within the taxing district. The Agency has entered into a \$350,000 note with a 4.25% interest rate. The note is structured such that the Agency is only required to pay 75% of the property tax collected from the property of the business. The agreement lasts until December 31, 2032, at which time any unpaid principal is forgiven. During the year ended September 30, 2020, the agency reimbursed \$51,776 of property tax revenue.

6. OTHER COMMITMENTS

The Agency also has credit cards available for use. As of September 30, 2020, credit available on these credit cards totaled \$1,500, of which \$61 was in use.

REQUIRED SUPPLEMENTARY INFORMATION

Garden City, Idaho Urban Renewal Agency
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 775,000	\$ 775,000	\$ 963,556	\$ 188,556
Interest Earnings	5,000	5,000	2,557	(2,443)
Other Income	2,000	2,000	-	(2,000)
Total Revenues	<u>782,000</u>	<u>782,000</u>	<u>966,113</u>	<u>184,113</u>
Expenditures				
Current:				
Urban Renewal Agency	121,500	121,500	99,689	21,811
Reimbursed Capital Expenditures	1,146,500	1,146,500	666,331	480,169
Total Expenditures	<u>1,268,000</u>	<u>1,268,000</u>	<u>766,020</u>	<u>501,980</u>
Net Change in Fund Balance	(486,000)	(486,000)	200,093	686,093
Fund Balance - Beginning	491,659	491,659	502,393	10,734
Fund Balance - Ending	<u>\$ 5,659</u>	<u>\$ 5,659</u>	<u>\$ 702,486</u>	<u>\$ 696,827</u>

Garden City, Idaho Urban Renewal Agency
Notes to Required Supplementary Information
For the Year Ended September 30, 2020

1. BUDGETS AND BUDGETARY ACCOUNTING

- A. The Agency is required by Idaho State Code to adopt an annual appropriated budget and must be provided to the City of Garden City, Idaho by September 1 of each year.
- B. Prior to September 1, the budget is legally enacted through passage at a board meeting.
- C. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- D. Formal budgetary integration is employed as a management control device during the year.

FEDERAL REPORT



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
Garden City, Idaho Urban Renewal Agency
Garden City, 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of Garden City, Idaho Urban Renewal Agency (the Agency), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Garden City, Idaho 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 Garden City, Idaho Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Garden City, Idaho 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 Garden City, Idaho 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.

Zwyzart John & Associates, CPAs PLLC

Nampa, Idaho
February 9, 2021