



Agenda: Thursday, April 6, 2017, 7:00 a.m.

City of Moscow Council Chambers • 206 E 3rd Street • Moscow, ID 83843

1. **Consent Agenda** - Any item will be removed from the consent agenda at the request of any member of the Board and that item will be considered separately later.
 - A. Minutes from March 2, 2017
 - B. February 2017 Payables
 - C. February 2017 Financials

ACTION: Approve the consent agenda or take such other action deemed appropriate.

2. **Public Comment for items *not on agenda*:** Three minute limit

3. **Announcements**

4. **Agency FY2016 Audit Presentation – Gary Riedner**

The draft 2016 MURA audit is attached and will be presented by MURA Acting Treasurer Gary Riedner and the auditors, Presnell Gage PLLC.

ACTION: Receive report and accept the 2016 MURA audit; or take such other action deemed appropriate.

5. **FY2018 MURA Budget Hearing Date Determination – Bill Belknap**

In accordance with state law, the Agency must notify the County Clerk's office of the date of the Agency's public hearing upon the Agency's FY2018 budget by no later than April 30th. Staff is proposing that the Agency set the hearing date for Thursday, August 3rd, 2017, which will allow adequate time for the budget development and review process. Staff is seeking Board approval to set the hearing for 7:00 AM on Thursday, August 3, 2017.

ACTION: Set the FY2018 Budget hearing for August 3rd, 2017; or take such other action deemed appropriate.

6. **Sixth and Jackson Environmental Remediation Report – Bill Belknap**

The Agency has been pursuing environmental remediation of the 6th and Jackson Property through the Idaho Department of Environmental Quality's (IDEQ) Voluntary Cleanup Program (VCP) over the last 18 month. Staff will provide an update on the remediation closeout process.

ACTION: Receive report and provide staff with direction as deemed appropriate.

7. **State Highway 8 Pullman Road Sidewalk Participation Request – Bill Belknap**

The Idaho Department of Transportation (ITD) is currently planning a large paving project that will be completed during the upcoming summer season which will include the grinding and repaving of all State Highway asphalt

roadways within the City. ITD staff has made an inquiry regarding a possible partnership to replace curbing and sidewalk along the frontage of the current Quad Cities Nissan auto dealership located on Third Street/Pullman Highway. The subject property frontage contains several abandoned driveway approaches that have been paved in and currently are substandard and non-ADA compliant. ITD is proposing to fund new curbing installation if the City of Moscow and MURA would fund the sidewalk installation. The estimated cost of the sidewalk installation is \$12,000 which is being proposed to be split equally between the City and MURA. The proposed improvements are eligible activities and would improve the pedestrian facilities in the subject area.

ACTION: Approve the proposed project assistance in the amount not to exceed \$6,500; or take such other action deemed appropriate.

8. Discussion Regarding Potential New South Moscow Urban Renewal District – Bill Belknap

During the recent strategic planning process, one action/strategy that was identified by the City of Moscow was the potential creation of an urban renewal district in south Moscow to support new industrial and commercial development in Moscow. Staff desires to continue the discussion of the potential new district with the Board to receive direction and guidance.

ACTION: Receive presentation and provide staff with direction.

9. Alturas Technology Park Real Estate Professional Services Agreement Request for Qualifications – Bill Belknap

Palouse Commercial Real Estate was the successful proposer to an RFP issued by the MURA for Commercial Real Estate Services issued in 2013. Palouse Commercial Real Estate has been providing listing services for the MURA's lots in Alturas Technology Park since that time, pursuant to an Agreement for Commercial Real Estate Services. That Agreement has expired and staff is recommending that the MURA reissue the RFP to solicit proposals for commercial real estate services. Staff is also proposing to restructure the ultimate services agreement to provide for base services and marketing services what would be scoped and provided via a task order basis due to the unique situation of the Alturas lots and associated use restrictions as specified in the private covenants and restrictions. Staff will present the draft RFP for the Board's review and approval.

ACTION: Review and approve the draft Request for Proposals for Commercial Real Estate Services; or take other action as deemed appropriate.

10. General Agency Updates – Bill Belknap

- Legacy Crossing District
- Alturas District
- General Agency Business

11. Executive Session: Pursuant to Idaho Code Section §76-206.1(f)

NOTICE: Individuals attending the meeting who require special assistance to accommodate physical, hearing, or other impairments, please contact the City Clerk, at (208) 883-7015 or TDD 883-7019, as soon as possible so that arrangements may be made.



Minutes: Thursday, March 2, 2017, 7:00 a.m.

City of Moscow Council Chambers • 206 E 3rd Street • Moscow, ID 83843

McGeehan called the meeting to order at 7:01 a.m.

Commissioners Present	Commissioners Absent	Also in Attendance
Steve McGeehan, Chair	Dave McGraw	Bill Belknap, MURA Executive Director
Art Bettge	Ron Smith	Gary Riedner, Interim Treasurer
Steve Drown		Anne Peterson, MURA Clerk
Brandy Sullivan		
John Weber		

1. **Consent Agenda** - Any item will be removed from the consent agenda at the request of any member of the Board and that item will be considered separately later.

A. Minutes from February 16, 2017

ACTION: Approve the consent agenda or take such other action deemed appropriate.

Bettge moved approval of the consent agenda, seconded by Weber. Motion passed unanimously.

2. **Public Comment for items *not on agenda***

No comments.

3. **Announcements**

No announcements.

4. **Agency 2016 Annual Report Presentation – Bill Belknap**

In Accordance with State Statute, all urban renewal agencies are required to file an annual report describing the activities of the agency for the preceding year with the local governing body by March 31st of each year. Agencies are required to hold a public meeting to report the findings of the annual report and to take comments from the public prior to filing the report with the governing body. Staff has prepared the initial draft of the annual report and proposes to conduct the public meeting on the final report at the Agency's upcoming March 2nd meeting. After approval of the Annual Report it will be presented to the City Council at their March 20th meeting.

ACTION: Approve the 2016 Annual Report and pass associated Resolution 2017-01 to transmit the report to the Moscow City Council; or take other action as deemed appropriate.

Upon presentation of the full report, Belknap highlighted a minor misclassification of fees on the last page that has since been corrected. A \$40.47 OPA payment to the Anderson Group was erroneously reported as legal fees. Chair McGeehan offered the opportunity for public testimony.

Victoria Seever, 121 N Lilly, Moscow. In addition to the comments provided in the attached testimony, Seever pointed out an inconsistency on page 11 between a text amount and the graph amount, and a layout issue on page 12.

Weber moved acceptance of the report and passage of Resolution 2017-01. Bettge seconded the motion which passed unanimously.

5. Sixth and Jackson Environmental Covenant Approval – Bill Belknap

The Agency has been pursuing environmental remediation of the 6th and Jackson Property through the Idaho Department of Environmental Quality's (IDEQ) Voluntary Cleanup Program (VCP) over the last 18 month. We are currently working on the VCP closeout process and one requirement is to place an environmental covenant upon the property that would preclude groundwater extraction upon the property and require the continued operation of the extraction system until groundwater environmental compliance is reached. Staff will present the final environmental covenant document to the Board for review, approval and recordation.

ACTION: *Authorize the Chair signature upon the environmental covenant and recordation of the agreement against the 6th and Jackson property; or take other action as deemed appropriate.*

The compliance well has reached drinking water standards and the second well is close to reaching compliance. The four main components of the Environmental Covenant are to prohibit any groundwater extraction for consumptive use, to maintain and operate the extraction system intended to mitigate off-site migration of the impacted groundwater, to document the operations and maintenance plan for the system, and to provide the \$5,260 financial security DEQ requires in the event the Agency or future owner fails to complete operation of the mitigation system. Once the Environmental Covenant is recorded against the property the DEQ will issue its Conditional Certificate of Completion, after which the Covenant Not to Sue can be requested. Belknap reported the DEQ has agreed to let the City be the escrow agent for the financial security to avoid banking fees.

Bettge moved to authorize the Chair's signature on the Environmental Covenant to be recorded against the 6th & Jackson property. Sullivan seconded the motion which passed unanimously.

6. Proposed Amendment to the Exclusive Negotiation Agreement with Sangria Downtown LLC – Bill Belknap

At the Board's February 16, 2017 meeting, representatives of Sangria Downtown LLC presented a revised development proposal for the Agency's 6th and Jackson Property. The Board directed staff to prepare a revised development proposal for formal Board consideration including a proposed project schedule, Agency financial impact and updated Exclusive Negotiation Agreement schedule of performance.

ACTION: *Review and approve the revised development proposal and amended exclusive negotiation agreement schedule of performance; or take other action as deemed appropriate.*

Belknap reviewed that while environmental remediation has delayed development of the property, Sangria has refined their development plan. An important element of the revised proposal allows for the originally envisioned Hello Walk going diagonally through the property, but Sangria proposes to purchase only a portion of the URA parcel rather than the entire lot. This creates an opportunity for another purchaser or negotiation with the adjacent landowner. Belknap provided a schedule of all project elements which are ultimately reflected on the amended Schedule of Performance showing construction occurring July 2017-April 2018. Sangria's current proposal is to purchase an approximate 16,000 sf triangle portion of the property. The 5,888 sf for Hello Walk would be dedicated as an easement (probably to the City), which leaves a 11,728 sf parcel for the Agency to dispose of separately. The fair use appraisal will need to be refined, the turn-lane construction will occur this summer so contractor activities will need to be coordinated, and Hello Walk could be done in the spring of 2018 following completion of the other construction activities unless it's incorporated within another form of agreement between the Agency and Sangria's contractor.

Weber thought Sangria's original proposal included completion of Hello Walk. Belknap said it was shown in their original proposal but the Agency's financial contribution will be determined under the Exclusive Negotiation Agreement. He thought as a public walkway the Agency would likely have a financial role. Weber suggested the

Agency should wait to close on the property until the Sangria Group can provide evidence of financial ability to complete the project. Belknap said the DDA will include a commitment date by which Sangria must show financial sureties and other safeguards to ensure the project will proceed. Belknap presented the revised Schedule of Performance for Board approval. He pointed out the City's turn lane project would take care of the 6th Street frontage improvements and blend into the Hello Walk landing point, but due to Sangria's proposed changes, continuing discussions of driveway design on Jackson Street and the need for capital to pay off the bonds, Belknap recommended not doing the Jackson Street frontage improvements at this time. Belknap reviewed the financial impact of paying off the entire bond principal and interest in order to sell just a portion of the parcel to Sangria. The bottom line was that the Agency would need to utilize other resources (likely from the FY2016 \$480,857 fund balance) to fund the remaining bond balance of about \$172,476. Belknap discussed anticipated Legacy Fund Projections using the attached illustration. Bettge asked when Gritman increment would begin and Belknap said small payments received to date were already incorporated into the chart. Sullivan asked if the tax status of Gritman tenants affected the financials and Belknap explained the Agency's risk is protected because its obligation is to reimburse up to \$600,000 from tax increment, so if Gritman chooses tax-exempt tenants that will reduce the increment and therefore Gritman's reimbursements. Belknap said because of this unknown factor his revenue projections were purposely quite modest.

Bettge moved approval of the revised development proposal and amended ENA Schedule. Weber seconded the motion and it carried unanimously.

7. General Agency Updates – Bill Belknap

Belknap reported that content is being moved into the new website and reminded everyone of the March 16 meeting cancellation. McGeehan declared the meeting adjourned at 8:02am.

Steve McGeehan, Agency Chair

Date



Balance Sheet
February 28, 2017

	<u>Total Funds</u>
ASSETS	
Cash	18,215
Investments-LGIP	562,963
Investments-Zions Debt Reserve	44,318
Accounts Receivable	-
Land Held For Resale	531,256
Land	<u>656,256</u>
Total Assets	<u><u>1,813,008</u></u>
LIABILITIES	
Accounts Payable	-
Deposits Payable	5,000
Series 2010 Bond - due within one year	27,000
Latah County payback agreement - due within one year	3,500
Series 2010 Bond - due after one year	347,000
Latah County payback agreement - due after one year	<u>105,037</u>
Total Liabilities	<u><u>487,537</u></u>
FUND BALANCES	
Net Assets Invest. Cap Assets	326,568
Restricted Fund Balance	44,312
Unrestricted Fund Balance	<u>937,137</u>
Total Fund Balance	<u><u>1,308,017</u></u>
Retained Earnings:	<u><u>17,453</u></u>
Total Fund Balance and Retained Earnings:	<u><u>1,325,470.68</u></u>
Total Liabilities, Fund Balance and Retained Earnings:	<u><u>\$1,813,008</u></u>

Checks for Approval

User: jspellman
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February 2017



Check	Check Date	Account Name	Vendor	Void	Amount
0	02/24/2017	Bond Interest - Legacy	Zions First National Bank		7,296.65
0	02/24/2017	Investment Earnings	Zions First National Bank		-20.81
4450	02/14/2017	Administrative Services	City of Moscow		3,862.50
4450	02/14/2017	Heat, Lights & Utilities	City of Moscow		188.95
4450	02/14/2017	Improvements-Legacy	City of Moscow		27,000.00
4451	02/14/2017	Professional Services-Computer	First Step Internet		30.00
4452	02/14/2017	Professional Services-Legacy	Hawley, Troxell, Ennis & Hawley		1,420.00
4453	02/14/2017	Misc. Expense-General	Jeff Spellman		10.59
4454	02/14/2017	Misc. Expense-General	Rosauers		5.99
4454	02/14/2017	Misc. Expense-General	Rosauers		6.61
4455	02/14/2017	Improvements-Legacy	Terra Graphics Inc.		9,348.89

Report Total: 49,149.37

Steve McGeehan, Chairperson

Accounts payable expenditures as contained herein were made in compliance with the duly adopted budget for the current fiscal year and according to Idaho law.

Bill Belknap, Executive Director

Gary J Riedner, Treasurer

Checks by Date - Detail By Check Date

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February 2017

				Check Amount
4450	UCITYMOS	City of Moscow	2/14/2017	
	Monthly Admin Ser	Executive Director Salary		3,862.50
	Monthly Bill	Water, Sewer, Street Light	Monthly Bill	188.95
	Restrooms	Downtown Restroom Project Contribution		27,000.00
Total for Check Number 4450:				31,051.45
4451	UFIRSTST	First Step Internet	2/14/2017	
	170130-0060	Virtual Server Package 02/13/2017 - 03/13/2017		30.00
Total for Check Number 4451:				30.00
4452	UHAWLEY	Hawley, Troxell, Ennis & Hawley	2/14/2017	
	316218	Bond Counsel Legal Services Legacy Bonds		1,420.00
Total for Check Number 4452:				1,420.00
4453	UTEMP	Jeff Spellman	2/14/2017	
	027027	1096 Forms		10.59
Total for Check Number 4453:				10.59
4454	UROSAUER	Rosauers	2/14/2017	
	01-573161	Meeting Materials		5.99
	01-587076	Meeting Materials		6.61
Total for Check Number 4454:				12.60
4455	Uterragr	Terra Graphics Inc.	2/14/2017	
	05623	6th and Jackson Remediation Pump Upgrade 3rd Injection		9,348.89
Total for Check Number 4455:				9,348.89
Total for 2/14/2017:				41,873.53
ACH	UZIONS	Zions First National Bank	2/24/2017	
	Feb 2017	Bond Interest Payment - Legacy		7,296.65
	Feb 2017	Bond Interest Earnings - Legacy		(20.81)
Total for this ACH Check for Vendor UZIONS:				7,275.84
Total Bills for February 2017				49,149.37

General Ledger Exp to Bud

User: jspellman

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Period 01 - 05

Fiscal Year 2017

February 2017



Account Number	Description	Budget	Period Amount	End Bal	Variance	Avail/Uncollect	% Collected
890	Moscow Urban Renewal Agency						
880	URA - General Agency						
890-880-10-642-00	Administrative Services	\$ 46,350.00	\$ 3,862.50	\$ 19,312.50	\$ 27,037.50	\$ 27,037.50	41.67%
890-880-10-642-10	Professional Services-Exec Dir	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-880-10-642-15	Professional Services-Other	\$ 6,000.00	\$ -	\$ 850.00	\$ 5,150.00	\$ 5,150.00	14.17%
890-880-10-642-20	Professional Services-Auditing	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0.00%
890-880-10-642-30	Professional Services-Computer	\$ 1,000.00	\$ 30.00	\$ 1,279.45	\$ (279.45)	\$ (279.45)	127.95%
890-880-10-644-10	Marketing Expense-General	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-668-10	Liability Insurance-General	\$ 1,650.00	\$ -	\$ 1,507.00	\$ 143.00	\$ 143.00	91.33%
E02	Contractual	\$ 61,000.00	\$ 3,892.50	\$ 22,948.95	\$ 38,051.05	\$ 38,051.05	37.62%
890-880-10-631-10	Postage Expense	\$ 100.00	\$ -	\$ -	\$ 100.00	\$ 100.00	0.00%
890-880-10-631-20	Printing and Binding	\$ 400.00	\$ -	\$ -	\$ 400.00	\$ 400.00	0.00%
890-880-10-647-10	Travel & Meetings-General	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-649-10	Professional Development	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-669-10	Misc. Expense-General	\$ 500.00	\$ 23.19	\$ 231.47	\$ 268.53	\$ 268.53	46.29%
E03	Commodities	\$ 3,000.00	\$ 23.19	\$ 231.47	\$ 2,768.53	\$ 2,768.53	7.72%
880	URA - General Agency	\$ 64,000.00	\$ 3,915.69	\$ 23,180.42	\$ 40,819.58	\$ 40,819.58	36.22%
890	Urban Renewal Agency						
890-890-10-642-10	Professional Services-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-642-12	Land Sale Expense-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-644-10	Marketing Expense-Alturas	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	0.00%
E02	Contractual	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00	\$ 4,000.00	0.00%
890-890-10-647-10	Travel & Meetings-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-658-10	Repairs & Maintenance	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0.00%
890-890-10-669-10	Misc. Expense-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E03	Commodities	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0.00%

General Ledger Exp to Bud

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Period 01 - 05

Fiscal Year 2017

February 2017



Account Number	Description	Budget	Period Amount	End Bal	Variance	Avail/Uncollect	% Collected
890-890-10-770-73 E04	Improvements-Alturas Capital Outlay	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	0.00% 0.00%
890-890-10-800-00 E20	Termination Plan Other Financing Uses	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	0.00% 0.00%
890-890-10-699-74 890-890-10-699-99 E81	Depreciation Expense Amortization Expense Depreciation & Amortization	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	0.00% 0.00% 0.00%
890-890-10-900-01 E90	Contingency - Alturas Contingency	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	0.00% 0.00%
890	Urban Renewal Agency	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00	\$ 9,000.00	0.00%
895	URA - Legacy Crossing						
890-895-10-642-10 890-895-10-642-12 890-895-10-644-10 E02	Professional Services-Legacy Land Sale Expense-Legacy Marketing Expense-Legacy Contractual	\$ 10,000.00 \$ 10,000.00 \$ 2,000.00 \$ 22,000.00	\$ 1,420.00 \$ - \$ - \$ 1,420.00	\$ 2,021.00 \$ - \$ - \$ 2,021.00	\$ 7,979.00 \$ 10,000.00 \$ 2,000.00 \$ 19,979.00	\$ 7,979.00 \$ 10,000.00 \$ 2,000.00 \$ 19,979.00	20.21% 0.00% 0.00% 9.19%
890-895-10-647-10 890-895-10-652-10 890-895-10-658-10 890-895-10-669-10 890-895-10-675-00 890-895-10-676-15 890-895-10-676-17 890-895-10-676-20 E03	Travel & Meetings-Legacy Heat, Lights & Utilities Repairs & Maintenance Misc. Expense-Legacy Fiscal Agent Trustee fees Latah County Reimb. Agreement Jackson St Owner Part. Agr. Agreement Cost Commodities	\$ 1,000.00 \$ 2,000.00 \$ - \$ 1,000.00 \$ 1,750.00 \$ 2,000.00 \$ 8,300.00 \$ 40.00 \$ 16,090.00	\$ - \$ 188.95 \$ - \$ - \$ - \$ - \$ - \$ - \$ 188.95	\$ - \$ 755.80 \$ - \$ - \$ - \$ 3,500.00 \$ - \$ - \$ 4,255.80	\$ 1,000.00 \$ 1,244.20 \$ - \$ 1,000.00 \$ 1,750.00 \$ (1,500.00) \$ 8,300.00 \$ 40.00 \$ 11,834.20	\$ 1,000.00 \$ 1,244.20 \$ - \$ 1,000.00 \$ 1,750.00 \$ (1,500.00) \$ 8,300.00 \$ 40.00 \$ 11,834.20	0.00% 37.79% 0.00% 0.00% 0.00% 175.00% 0.00% 0.00% 26.45%

General Ledger Exp to Bud

User: jspellman

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Period 01 - 05

Fiscal Year 2017

February 2017



Account Number	Description	Budget	Period Amount	End Bal	Variance	Avail/Uncollect	% Collected
890-895-10-770-35	1% Public Art	\$ 1,825.00	\$ -	\$ -	\$ 1,825.00	\$ 1,825.00	0.00%
890-895-10-770-71	Land-Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-770-73	Improvements-Legacy	\$ 500,000.00	\$ 36,348.89	\$ 55,432.39	\$ 444,567.61	\$ 444,567.61	11.09%
890-895-10-770-97	Infrastructure Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E04	Capital Outlay	\$ 501,825.00	\$ 36,348.89	\$ 55,432.39	\$ 446,392.61	\$ 446,392.61	11.05%
890-895-10-676-10	Bond Issuance Cost	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E05	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-900-01	Contingency - Legacy	\$ 15,000.00	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	0.00%
E90	Contingency	\$ 15,000.00	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	0.00%
895	URA - Legacy Crossing	\$ 554,915.00	\$ 37,957.84	\$ 61,709.19	\$ 493,205.81	\$ 493,205.81	11.12%
899	Dept						
890-899-11-790-01	Bond Principal - Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-899-11-791-01	Bond Interest-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-899-12-790-01	Bond Principal - Legacy	\$ 374,000.00	\$ -	\$ -	\$ 374,000.00	\$ 374,000.00	0.00%
890-899-12-791-01	Bond Interest - Legacy	\$ 17,286.00	\$ 7,296.65	\$ 7,296.65	\$ 9,989.35	\$ 9,989.35	42.21%
E05	Debt Service	\$ 391,286.00	\$ 7,296.65	\$ 7,296.65	\$ 383,989.35	\$ 383,989.35	1.86%
890-899-10-990-00	Ending Fund Bal Unassigned	\$ 56,461.00	\$ -	\$ -	\$ 56,461.00	\$ 56,461.00	0.00%
890-899-11-990-00	End Fund Bal Assigned-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-899-11-990-01	End Fund Bal Res-Alturas	\$ 41,900.00	\$ -	\$ -	\$ 41,900.00	\$ 41,900.00	0.00%
890-899-12-990-00	End Fund Bal Assigned-Legacy	\$ 160,217.00	\$ -	\$ -	\$ 160,217.00	\$ 160,217.00	0.00%
890-899-12-990-01	End Fund Bal Res-Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E95	Ending Fund Balance	\$ 258,578.00	\$ -	\$ -	\$ 258,578.00	\$ 258,578.00	0.00%
899	Dept	\$ 649,864.00	\$ 7,296.65	\$ 7,296.65	\$ 642,567.35	\$ 642,567.35	1.12%
890	Moscow Urban Renewal Agency	\$ 1,277,779.00	\$ 49,170.18	\$ 92,186.26	\$ 1,185,592.74	\$ 1,185,592.74	7.21%

General Revenue

User: jspellman
Printed: 03/06/17 10:24:24
Period 01 - 05
Fiscal Year 2017

FEBRUARY 2017



Account Number	Description	Budgeted Revenue	Period Revenue	YTD Revenue	Variance	Uncollected Bal	% Avail/Uncollect	% Received
890	Moscow Urban Renewal Agency							
890-000-00-410-00	Property Taxes - Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
890-000-00-410-01	Property Taxes - Legacy	\$ 182,500.00	\$ 108,486.96	\$ 108,486.96	\$ 74,013.04	\$ 74,013.04	41%	59%
890-000-00-431-11	EPA Clean-up Grant - Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
890-000-00-471-00	Investment Earnings	\$ 1,000.00	\$ 1,148.09	\$ 1,148.09	\$ (148.09)	\$ (148.09)	-15%	115%
890-000-00-478-10	Sale of Land - Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
890-000-00-478-11	Sale of Land - Legacy	\$ 500,000.00	\$ -	\$ -	\$ 500,000.00	\$ 500,000.00	100%	0%
890	Moscow Urban Renewal Agency	\$ 683,500.00	\$ 109,635.05	\$ 109,635.05	\$ 573,864.95	\$ 573,864.95	84%	16%
Revenue Total		\$ 683,500.00	\$ 109,635.05	\$ 109,635.05	\$ 573,864.95	\$ 573,864.95	84%	16%



Moscow, Idaho

Financial Statements



For The Fiscal Year Ended
September, 30 2016

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	3
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	7
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	9
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	17
Statement of Activities	18
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Governmental Funds – General Fund	22
Budget and Actual – Governmental Funds – Alturas Technology Park District Fund	23
Budget and Actual – Governmental Funds – Legacy Crossing District Fund	24
NOTES TO FINANCIAL STATEMENTS	25
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report - Government Auditing Standards	35



March 10, 2017

To the Moscow Urban Renewal Agency Board of Commissioners and Citizens of the City of Moscow:

We are pleased to submit to you the *Audited Financial Statements for the Moscow Urban Renewal Agency* (hereafter “the Agency”) for the fiscal year ended September 30, 2016.

Idaho State Law requires that all government development authorities submit audited financial statements to the entity that sponsored their corporate existence. For the Moscow Urban Renewal Agency this entity is the City of Moscow. The statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS).

This report consists of management’s representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency’s assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the Agency’s financial statements. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The Agency’s financial statements have been audited by Presnell Gage, PLLC, a company of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the Agency’s financial statements for the fiscal year ended September 30, 2016.

The Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and the two should be read in conjunction.

Profile of the Moscow Urban Renewal Agency

The Agency was organized by the Moscow City Council in 1995 pursuant to resolution 95-08 in accordance with *Idaho Urban Renewal Law*, Ch. 20, Title 50, *Idaho Code* (the “Law”) and the *Local Economic Development Act*, Ch. 29, Title 50, *Idaho Code* (the “Act”). The Agency acts as an arm of the Idaho State government entirely separate and distinct from the City of Moscow as provided in *Idaho Code* Section 50-2006.

The purpose of the Agency is to undertake urban renewal projects in areas designated by the City of Moscow to be deteriorating, and to undertake this rehabilitation, conservation, redevelopment, or a combination thereof, in the interest of the public health, safety, morals or welfare of the residents of the City of Moscow.

The Agency is comprised of seven Commissioners appointed by the Mayor, and confirmed by the City Council, with terms as specified by the Mayor, as authorized by Moscow City Council Resolution 2008-17. Membership is constituted as follows: Two (2) members of the Moscow City Council; One (1) member of the Latah County Commission; and, four (4) members from the citizenry at large. Terms are staggered in such a fashion that no more than three (3) expire in any given year. The Board of Commissioners elects the Chair, Vice-Chair and Secretary from the ranks of the Commission. The Treasurer's office may be filled by Commissioners or by staff appointments made by the Commission.

The Chair is the chief presiding officer of the Agency. The Chair executes all deeds, bonds, contracts, and other legal documents authorized by the Commission. Some of the Chair's duties may be delegated by the Board of Commissions to the Agency's Executive Director, who oversees the day-to-day operations of the Agency and carries out the policies of the Board.

The City of Moscow is responsible for defining the geographic boundaries and legal creation of all urban renewal districts within the City. The Alturas Technology Park District (which was closed in 2016) was created in 1995, and the Legacy Crossing District was created in 2008. The Agency works with the City of Moscow and the private sector to remedy blight and to facilitate economic development within urban renewal districts. The Agency's activities within urban renewal districts are directed by specific urban renewal plans adopted by the Moscow City Council. The Agency provides funding for these efforts through the use of tax incremental financing.

When the City establishes a tax increment financing district, the value on the property within the district is frozen as of the year the district is established. The ad valorem taxes collected on the frozen or "base" value is paid to the various taxing entities providing services to that property. Any subsequent increase in the value of property above the base is called the "increment" value, and the tax revenue generated from the increment value is transferred to the Agency. These tax increment revenues are used by the Agency to pay for public improvements and other revitalization activities in that district. When the district closes (now up to 20 years) the increment value is added back to the base value on the tax rolls. This helps diversify and strengthen the economic bases of both the City and the County.

Though urban renewal is a separate item on property tax statements, local property owners pay the same amount of tax whether or not an urban renewal district is established in their area.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Agency operates.

Local Economy

Moscow is a city in northern Idaho, situated along the Washington/Idaho border, with a population of 25,060 (2015 U.S. Census est.). Moscow is the county seat and largest city in Latah County. Moscow is the home of the University of Idaho, the land grant institution and primary research university for the state, as well as the home of New Saint Andrews College. Eight miles west is Pullman, Washington, home of Washington State University, also a land grant institution.

Moscow is the principal city in the Moscow, Idaho, Micropolitan Statistical Area (McrSA), which includes Latah County. The City contains over 60 percent of the County's population, and while the University of Idaho is the dominant employer in Moscow, the City also serves as an agricultural and commercial hub for the Palouse region. Moscow leads all cities in the Micropolitan Statistical Area (McrSA) in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space, and college enrollment.

The 2016 population of the City was estimated at 25,060 (2016 U.S. Census est.), which places it as the 12th largest city in Idaho. The City's population is expected to grow to 26,064 persons by 2019 with an annual average growth rate of 1.03 percent. The unemployment rate (not seasonally adjusted) for Latah County for September 2016 was 2.8 percent.

Long-term Financial Planning

Prior to the fourth Monday of March of the current year, the Latah County auditor notifies the Agency of the total taxable valuation of all the taxable property situated within the Alturas Technology Park District and the Legacy Crossing District for the preceding calendar year for the purpose of assisting the Agency to develop its annual budget.

In July 2014, the Latah County Assessor released its report on the Agency's assessed valuation for fiscal year 2014. Total assessed valuation within the Alturas Technology Park District increased by 9.54 percent. The Agency's tax increment revenue for fiscal year 2015 increased by \$13,811 (or 3.5 percent) to \$407,516 from \$393,705 received in 2014. Total assessed valuation within the Legacy Crossing District increased by 7.8 percent. The Agency's tax increment revenue for fiscal year 2015 increased by \$62,432 (or 53.6 percent) to \$179,241 from \$116,809 received in 2014.

A tax increment calculation error occurred for the Legacy Crossing District. Following the 2012 property tax assessment process, Latah County notified the Agency that after a review of the assessment process, a tax increment calculation error had been made in the Legacy Crossing District, and the Agency had been allocated too much assessed value. It has been determined that the Agency received an overpayment of \$114,537 of property tax receipts over the previous three-year period. Pursuant to an agreement made between the Agency and Latah County, the overpayment will be repaid to Latah County on behalf of the effected taxing entities over a period beginning in FY2015 and ending in FY2029.

Major Fiscal Year Initiatives

Closure of the Alturas Technology Park Revenue Allocation Area. The Agency retired the remaining debt related to the Alturas Technology Park project in the summer of 2015. Following the last debt payment, the Agency passed Resolution 2015-02 recommending termination of the Alturas Technology Park revenue allocation area to the Moscow City Council. Following this recommendation, the City Council passed Ordinance 2015-15 formally terminating the Alturas revenue allocation area. The Agency was pleased to be able to close the revenue allocation area a year ahead of schedule and allow the tax revenues to return to the taxing districts as soon as possible. The Agency continues to own six (6) lots within Alturas that are marketed for development for technology and research-based companies.

Sixth and Jackson Property. The Agency owns a 0.84 acre property at the southwest corner of the intersection of Sixth and Jackson Streets in Moscow. The Agency's primary focus is the redevelopment of the property through continued environmental assessment/remediation and facilitating the construction of improvements in conformance with the Legacy Crossing Plan. In May of 2013, the Agency was awarded an EPA Hazardous Substances Cleanup Grant to fund the removal of soils to allow the property to be redeveloped. The Sixth and Jackson property underwent environmental testing and cleanup planning in 2014 to prepare the property for redevelopment. In anticipation of the completion of the environmental remediation, in the fall of 2014 the Agency solicited proposals from interested developers for the redevelopment of the site. The Agency selected the proposal from Sangria Downtown LLC and is currently in negotiations to define the final project and sale of the property.

Accounting System and Budget Control

The annual budget serves as the foundation for the Agency's financial planning and control. The Agency's Executive Director and Treasurer prepare the annual budget. The Agency must notify the Latah County clerk of the date, time, and location of the Agency's budget hearing for the upcoming fiscal year no later than April 30 of each year. The Agency's Board of Commissioners must adopt a prospective budget prior to the scheduled public hearing. Legal notice of the proposed budget and budget hearing must be published twice, at least seven (7) days apart in the official newspaper. The final budget document must be adopted and published by September 30 of each year.

The planning of the budget, proposed presentation, public hearing notices, public hearing, adoption and submission to Latah County is outlined in the annual budget calendar each year ensuring all legal compliance and disclosure. The Agency's adopted budget threshold is the Agency's total balance of revenues and expenditures. The Agency may amend the current year's budget at any time during the fiscal year so long as it follows the same public hearing requirements needed for the budget's original certification. Amendments to the budget are occasionally necessary for unanticipated revenues.

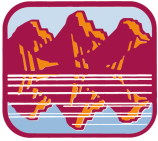
Awards and Acknowledgements

We would like to commend the City of Moscow staff for their efficient and dedicated service in helping to prepare this report. We also wish to thank Steve McGeehan, Chairman, and the Board of Commissioners for their support in planning and conducting the financial operations of the Agency in a responsible and progressive manner. Credit must also be given to the Agency's auditors, Presnell Gage, PLLC, for their most valuable assistance in preparation of this report.

Respectfully submitted,

Bill J. Belknap
Executive Director

Gary J. Riedner
Acting Agency Treasurer



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Moscow Urban Renewal Agency
Moscow, Idaho

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Moscow Urban Renewal Agency, a component-unit of the City of Moscow, Idaho, as of and for the year ended September 30, 2016, 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 each major fund of the Moscow Urban Renewal Agency as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in conformity 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 Management's Discussion and Analysis and budgetary comparison information on pages 9 through 16 and 22 through 24, respectively, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moscow Urban Renewal Agency, a component-unit of the City of Moscow, Idaho's basic financial statements. The introductory section is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 10, 2017, on our consideration of the Moscow Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Moscow Urban Renewal Agency's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

March 10, 2017

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section offers readers an overview and analysis of the fiscal year 2016 financial activities of the Moscow Urban Renewal Agency (hereafter "the Agency") of the City of Moscow, Idaho. It should be read in conjunction with the Agency's audited financial statements, which follow this section.

2016 FINANCIAL HIGHLIGHTS

- The Agency's total net position was \$1,308,017.
- The Agency's liabilities at September 30, 2016, were \$517,250.
- The Agency's total year-end fund balances were \$1,134,298.
- The net property tax decrease of \$407,205 resulted from the 2015 closure of the Alturas Technology Park District and loss of the associated tax revenues. Legacy Crossing District tax revenues were largely steady increasing only \$311 from 2015. Property tax increment revenues are calculated on the change in property valuations as assessed by the Latah County Assessor.
- Redevelopment activities continue at the Agency-owned property located at the southwest corner of the intersection of Sixth and Jackson Streets in Moscow, including the completion of a Phase I of the environmental remediation of the property largely funded through a \$145,940 Environmental Protection Agency (EPA) Hazardous Substances Cleanup Grant.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's annual financial report consists of several sections. Taken together, they provide a comprehensive overview of the Agency's activities. The sections of the report are as follows:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview, and economic factors affecting the Agency.

Basic Financial Statements. This section includes the Government-wide financial statements, fund financial statements, and notes to the financial statements. Government-wide financial statements consist of the statement of net position and the statement of activities and utilize the accrual basis of accounting. The statements are intended to be more business-oriented and assist in assessing the *operational accountability* of the entity. The fund financial statements are similar to the government-wide statements; however, they use the modified accrual basis of accounting and focus on the *fiscal accountability* of the entity.

Government-Wide Statements

- The statement of net position found on page 17 focuses on resources available for future operations. This statement presents a snapshot view of the assets the Agency owns, the liabilities it owes, and the net difference. The net difference is further separated into amounts indicating the Agency's capital assets, net of related debt, restricted for debt service, and unrestricted amounts.
- The statement of activities found on page 18 focuses on gross and net costs of the Agency's programs and the extent to which such programs rely upon property tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

- The balance sheet located on page 19 is similar to the statement of net position; however, the balance sheet omits long-term assets and long-term liabilities. This format helps assess current assets, which are available to meet current liabilities and debt service payments.

There are four statements of revenues, expenditures, and changes in fund balances on pages 20 and 22-24. The statement on page 21 reconciles the differences to the government-wide statement of activities. The statement on page 22 has the budget-to-actual revenues and expenditures for the year for the general fund and helps in assessing whether the Agency raised and spent funds according to the budget plan. The statements on pages 23 and 24 reflect the statements of revenues, expenditures, and changes in fund balances for the Alturas Technology Park District Fund and Legacy Crossing District Fund, respectively.

Notes to the Basic Financial Statements

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Agency's financial condition.

Report by the Independent Certified Public Accountants

- The report by the independent certified public accountants includes supplemental communication on the Agency's compliance and internal controls as required by Idaho statutes.

MAJOR AGENCY INITIATIVES IN FISCAL YEAR 2016

Legacy Crossing District. The Agency owns a lot located at the southwest corner of the intersection of Sixth and Jackson Streets in Moscow, within the Legacy Crossing District. The Agency's primary focus is the redevelopment of the property through continued environmental assessment/remediation and facilitating the construction of improvements in conformance with the Legacy Crossing Plan. The Sixth and Jackson property is one of the beneficiaries of a City of Moscow EPA Brownfield Assessment Grant and underwent testing in 2014 to develop a remediation plan to remove contaminated soils in order to prepare the property for redevelopment.

On May 29, 2013, the Agency was awarded an EPA Hazardous Substances Cleanup Grant to fund the removal of soils to allow the property to be redeveloped. In anticipation of completion of the environmental remediation, in the fall of 2014 the Agency solicited proposals from interested developers for the redevelopment of the site. The Agency selected the proposal from Sangria Downtown LLC, and is currently in negotiations to define the final project and sale of the property. The environmental cleanup activities are anticipated to be completed in the spring of 2017 with redevelopment construction to occur in the summer of 2017.

As part of the creation of the Legacy Crossing District, all the parcels were given a base value premised on the 2008 property values. Assessed values above the 2008 base for those parcels benefit the District. Once the area is established, a tax code area is created that identifies those taxing entities levying taxes within the area. Beginning in 2009, any increase in the properties' assessed values times the levies, generates tax increment revenue for the District.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The assessment process utilized by the County for three subsequent years (from the base year of 2008) used certain software developed and provided by the Idaho State Tax Commission. It was determined that the software during this three-year period of time experienced a “glitch” that needed to be manually overridden by the Latah County Assessor’s office in order to have prevented an over-allocation of value. The Agency had no part of the assessment process or establishment of the various tax levies.

Following the 2012 property tax assessment process, the County contended that the Agency received an overpayment of \$114,537 of property tax receipts over the three-year period. A settlement agreement between the Agency and Latah County was reached to provide for a schedule of repayment of the property taxes. This liability has been accounted for within the Agency’s finances.

Greater Moscow Area Brownfield Coalition. The Agency is a coalition partner with the City of Moscow and Latah County, administering a \$475,000 EPA Brownfield Coalition Assessment Grant. As a participating member of this coalition grant, the Agency has provided a benefit to the following properties within the Legacy Crossing Urban Renewal District as of September 30, 2016:

1102 South Main Street	\$ 90,829
317 West Sixth Street	127,510
207 North Main	39,857
Almon and “A” Street	98,334
Lilly and Asbury	29,637

The Agency anticipated and budgeted that the Brownfield cleanup would be completed, the lot sold, and the loan on the lot paid off in the 2016 fiscal year. Because this did not occur, the budgeted revenues and expenditures greatly exceed the actual activity (see page 25 - statement of revenues, expenditures, and changes in fund balance – budget to actual – Legacy Crossing).

Alturas Technology Park. On July 22, 2015, the Agency passed Resolution 2015-02 recommending termination of the Alturas Technology Park revenue allocation area to the Moscow City Council. Following this recommendation, the City Council passed Ordinance 2015-15 terminating the Alturas revenue allocation area. Therefore the Agency will not receive any future tax increment revenues beyond the 2015 fiscal year. The Agency was pleased to be able to close the revenue allocation area a year ahead of the schedule and allow the tax revenues to return to the taxing districts as soon as possible.

The Agency continues to hold six undeveloped lots within the Alturas Technology Park. As real estate market conditions continue to improve, the Agency will aggressively market the remaining six lots in the Alturas Technology Park District targeting markets like agribusiness, biotechnology, software/IT, institutes and associations, and young technology professionals. Towards that end, the Agency entered into an agreement for real estate brokerage services to assist the Agency with the marketing and sale of the remaining lots.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Trends in the Urban Renewal Agency's Net Position

	2016	2015	2014
Cash and investments	\$ 608,254	\$1,398,714	\$ 1,098,035
Accounts receivable	29,501	4,513	111
Land held for sale	531,256	531,256	531,256
Land	656,256	510,316	505,803
Capital assets	0	432,729	491,218
Total assets	<u>1,825,267</u>	<u>2,877,528</u>	<u>2,626,423</u>
Total liabilities	<u>517,250</u>	<u>515,189</u>	<u>648,362</u>
Net position			
Net investment in capital assets	326,568	588,357	508,385
Restricted debt service	44,312	44,312	159,483
Unrestricted	<u>937,137</u>	<u>1,729,670</u>	<u>1,310,193</u>
Total net position	<u>1,308,017</u>	<u>2,362,339</u>	<u>1,978,061</u>
Total liabilities and net position	<u>\$ 1,825,267</u>	<u>\$ 2,877,528</u>	<u>\$ 2,626,423</u>

The Agency's total assets for 2016 exceeded its liabilities by \$1,308,017. The total capital assets are \$656,256 net of depreciation. The capital assets owned by the Agency include the lots purchased within the Legacy Crossing District.

Outstanding Debt. At the end of fiscal year 2016, the Agency had total outstanding bonded debt of \$374,000 as noted on page 32. These bonds are limited obligations of the Agency for the Legacy Crossing District. Additional information on the Agency's long-term debt can be found in Note 6 in the notes to the financial statements.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO**MANAGEMENT'S DISCUSSION AND ANALYSIS****Trends in the Urban Renewal Agency's Changes in Net Position**

	2016	2015	2014
General revenues:			
Property tax	\$ 179,552	\$ 586,757	\$ 510,514
Other revenues:			
Investment income (losses)	3,842	4,964	3,744
Disposal of Asset (Loss)	(432,679)	0	0
Grants and contributions	145,940	4,513	3,560
Total revenues	(103,345)	596,234	517,818
Expenditures:			
Project administration	935,345	129,091	105,244
Depreciation	0	58,489	58,488
Interest	15,632	24,376	30,211
Total expenditures	950,977	211,956	193,943
Increase in net position	<u>\$ (1,054,322)</u>	<u>\$ 384,278</u>	<u>\$ 323,875</u>
Net position, October 1	\$ 2,362,339	\$ 1,978,061	\$ 1,768,723
Prior period adjustment	0	0	(114,537)
Net position, September 30	1,308,017	2,362,339	1,978,061

The net property tax decrease of \$407,205 resulted from no increment tax revenue from Alturas as a result of closing the Alturas Technology Park District, and \$311 increase to Legacy's increment revenue. Total interest income decreased by \$1,122 for fiscal year 2016. The decrease in interest income reflects changes in the market value of investment bonds held by the Agency and interest rates, which continued to be flat during fiscal year 2016. The Agency implements all Governmental Accounting Standards Board (GASB) pronouncements so that we are in compliance with the accounting standards for governments. Additional information comparing the Agency's budgeted to actual expenditures can be found in the statement of revenues, expenditures, and changes in fund balances on pages 22-24.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL ANALYSIS

Trends in the Urban Renewal Agency's Balance Sheet

	2016	2015	2014
Cash and investments	\$ 608,254	\$ 1,398,714	\$ 1,098,035
Accounts receivable	29,501	4,513	111
Land held for sale	531,256	531,256	531,256
Total assets	1,169,011	1,934,483	1,629,402
Total liabilities	34,713	5,652	877
Fund balance			
Nonspendable	531,256	531,256	531,256
Restricted	44,312	44,312	159,483
Assigned	480,855	1,302,302	891,082
Unassigned	77,875	50,961	46,704
Total fund balance	1,134,298	1,928,831	1,628,525
Total liabilities and fund balance	\$ 1,169,011	\$ 1,934,483	\$ 1,629,402

The significant decrease in cash and investments from the prior fiscal year are a result of the excess Alturas District tax increment disbursement in the amount of \$849,956, which was made to Latah County for distribution to the taxing districts during the 2016 fiscal year. Accumulated funding has also been set aside for improvements to the Agency's lot located at the southwest corner of the intersection of Sixth and Jackson Street, which have been carried forward while the Agency continues the environmental clean-up/mitigation of this property. The \$44,312 of restricted fund balance represents the required bond reserve account balance for the Legacy Crossing District bonds.

ECONOMIC CONDITIONS AFFECTING THE AGENCY

Employment. The Latah County unemployment rate (not seasonally adjusted) for the month ending in September 2016 was 2.8 percent compared with 3.5 percent in September 2015. The Latah County September 2016 unemployment rate (not seasonally adjusted) of 2.8 percent was below a state unemployment rate of 3.6 percent and a national unemployment rate of 4.9 percent. Overall employment increased in Latah County by 2.1% from March 2015 to March 2016 but wages decreased by 7.8% during that same time period. ¹

Latah County saw employment expansion in the following sectors from March 2015 - March 2016: ¹

- Construction (1.1 percent)
- Professional and Business Support Services (2.1 percent)
- Trade, Transportation and Utilities (1.4 percent)
- Service Providing (2.9 percent)
- Leisure and Hospitality (3.0 percent)

¹U.S. Bureau of Labor Statistics

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Latah County saw employment retractions in the following sectors: ¹

- Information (-0.9 percent)
- Manufacturing (-1.4 percent)
- Natural Resource and Mining (-9.7 percent)
- Goods Producing (-3.5 percent)

Real Estate:

- The average home sale price in Latah County decreased 3.8 percent from \$220,295 in 2015 to \$212,142 in 2016, after a 10.97 percent increase the prior year. ²
- The average home sale price in the City of Moscow decreased 3.2 percent from \$223,434 in 2015 to \$216,304 in 2016, after a 10.65 percent increase the prior year. ²

Tourism:

- Latah County transient occupancy tax increased in 2016 by 5.4% over 2015 (calendar year). ³

Building Permits:

- Total permitted construction value in the City of Moscow decreased from \$21.3 million in 2015 to \$18.7 million in calendar year 2016. ⁴

Urban Renewal and Tax Increment Financing (TIF). The State of Idaho offers few financial incentives for economic development. Urban renewal and tax increment financing is one of the few economic development tools available to local governments in Idaho.

As an urban renewal agency, the Agency receives tax increment revenues calculated on the assessed value over the frozen base, which is set at the time of creation of an urban renewal district. When the Agency completes public improvements in association with an urban renewal plan, the Agency is investing in the local community and economy helping to increase property values and economic activity in the community. Because states are cutting or delaying aid to local governments in significant numbers, transferring costs from themselves to their cities, counties, and K-12 schools, and in some cases additionally passing laws that limit the local government's ability to raise taxes, urban renewal and tax increment financing are vital economic development programs in Idaho.

The Alturas Technology Park District revenue allocation area was closed in the 2015 fiscal year. As a result of the closure, the \$22 million in increased property value that has occurred as a result of the Agency's investment in Alturas will be available to the taxing districts and will continue to provide long-lasting economic benefit to the City of Moscow and the region. Building on the success of the Alturas Technology Park District, the Legacy Crossing District was created in 2008 to provide a vision and direction for the redevelopment of an obsolete railroad corridor adjacent to downtown Moscow, and to increase economic opportunities for the community.

¹U.S. Bureau of Labor Statistics

² Latah County MLS

³ Idaho Department of Commerce, Tourism Department

⁴ City of Moscow Community Development Department.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Legacy Crossing District will have long-term positive impacts on the community and the Agency's financial status. The reurbanization of inner-city districts, particularly those with land uses transitioning from industrial uses to mixed-uses, requires an extended planning horizon. Redevelopment activities continue on the Agency-owned property located at the southwest corner of the intersection of Sixth and Jackson Streets, including the completion of environmental remediation activities and the planning for redevelopment of the site by Sangria Downtown LLC.

The 2016 residential construction valuation of \$13.3 million exceeded commercial construction values of \$5.3 million, which indicates that residential markets are beginning to recover from the effects of the Great Recession of 2009.

No new lot sales were completed in the Alturas Technology Park for fiscal year 2016. In general, the technology park continues to be challenged and other commercial activity in Moscow is generally comprised of new restaurants or office buildings located in existing buildings or new construction outside of Alturas. There are a limited number of existing commercial properties available in Moscow for companies to choose from and most would require a substantial reinvestment. So, as national and economic conditions continue to improve, the Agency anticipates greater interest in the Agency's lots in Alturas Technology Park.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Moscow Urban Renewal Agency Treasurer, P.O. Box 9203, Moscow, Idaho, 83843.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF NET POSITION

September 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 608,254
Accounts receivable	29,501
Land held for sale	531,256
Capital assets	
Land	<u>656,256</u>
Total assets	<u>1,825,267</u>
LIABILITIES	
Accounts payable	29,713
Deposit payable	5,000
Series 2010 Bond - due within one year	27,000
Latah County payback agreement - due within one year	3,500
Series 2010 Bond - due after one year	347,000
Latah County payback agreement - due after one year	<u>105,037</u>
Total liabilities	<u>517,250</u>
NET POSITION	
Net investment in capital assets	326,568
Restricted	
Debt service	44,312
Unrestricted	<u>937,137</u>
Total net position	<u>\$ 1,308,017</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF ACTIVITIES
Year Ended September 30, 2016

		<u>Program Revenues</u>	<u>Net Revenue (Expense) and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES			
Project administration	\$ 935,345	\$ 145,940	\$ (789,405)
Interest expense	15,632		(15,632)
Total governmental activities	<u>950,977</u>	<u>145,940</u>	<u>(805,037)</u>
GENERAL REVENUES			
Property taxes levied for general purposes			179,552
Investment income/losses			3,842
Gain (loss) on disposal of assets			<u>(432,679)</u>
Total general revenues			<u>(249,285)</u>
Change in net position			(1,054,322)
NET POSITION, beginning of year			<u>2,362,339</u>
NET POSITION, end of year			<u><u>\$ 1,308,017</u></u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

	General	Alturas Technology Park District	Legacy Crossing District	Total
ASSETS				
Cash and investments	\$ 78,659		\$ 529,595	\$ 608,254
Accounts receivable	242		29,259	29,501
Land held for sale	531,256			531,256
Total assets	\$ 610,157	\$ 0	\$ 558,854	\$ 1,169,011
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,026		\$ 28,687	\$ 29,713
Deposit payable			5,000	5,000
Total liabilities	1,026	\$ 0	33,687	34,713
Fund Balance				
Nonspendable	531,256			531,256
Restricted for debt service			44,312	44,312
Assigned			480,855	480,855
Unassigned	77,875			77,875
Total fund balance	609,131	0	525,167	1,134,298
Total liabilities and fund balance	\$ 610,157	\$ 0	\$ 558,854	\$ 1,169,011

RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET

Total fund balance - Governmental Funds	\$ 1,134,298
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds	656,256
Long-term liabilities, consisting of bonds payable and tax repayment agreement, are due and payable in the current period and, therefore, are not reported in the funds	(482,537)
Total net position - Governmental Activities	\$ 1,308,017

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2016

	General	Alturas Technology Park District	Legacy Crossing District	Total
REVENUES				
Property taxes			\$ 179,552	\$ 179,552
Grants and contributions			145,940	145,940
Investment income/losses	\$ 3,842			3,842
Other revenue		\$ 50		50
Total revenues	<u>3,842</u>	<u>50</u>	<u>325,492</u>	<u>329,384</u>
EXPENDITURES				
Current				
Legal and professional fees	9,780	154	9,797	19,731
Insurance	1,507			1,507
Advertising	462	108		570
Management services	45,000			45,000
Repairs and maintenance		4,017		4,017
Land incentive agreement			10,967	10,967
Other administration expenses	1,275		2,322	3,597
Debt Service				
Principal retirement			27,000	27,000
Interest			15,632	15,632
Capital outlay				
Land			145,940	145,940
Total expenditures	<u>58,024</u>	<u>4,279</u>	<u>211,658</u>	<u>273,961</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(54,182)</u>	<u>(4,229)</u>	<u>113,834</u>	<u>55,423</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	612,352	(612,352)		0
Alturas termination plan		(849,956)		(849,956)
Total other financing sources (uses)	<u>612,352</u>	<u>(1,462,308)</u>	<u>0</u>	<u>(849,956)</u>
Net change in fund balances	558,170	(1,466,537)	113,834	(794,533)
FUND BALANCES AT BEGINNING OF YEAR	<u>50,961</u>	<u>1,466,537</u>	<u>411,333</u>	<u>1,928,831</u>
FUND BALANCES AT END OF YEAR	<u>\$ 609,131</u>	<u>\$ 0</u>	<u>\$ 525,167</u>	<u>\$ 1,134,298</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2016

Net change in fund balances - Governmental Funds **\$ (794,533)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

This is the capital outlay for the current period. 145,940

Contributed capital assets and other miscellaneous capital asset transactions recorded in government-wide financial statements but not recorded in fund level financial statements. (432,729)

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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal payments made on long-term debt 27,000

Change in net position - Governmental Activities **\$ (1,054,322)**

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
GENERAL FUND

Year Ended September 30, 2016

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income/losses	\$ 1,000	\$ 3,842	\$ 2,842
Total revenues	<u>1,000</u>	<u>3,842</u>	<u>2,842</u>
EXPENDITURES			
Current			
Legal and professional fees	12,000	9,780	2,220
Insurance	1,650	1,507	143
Advertising	1,000	462	538
Management services	45,000	45,000	0
Other administration expenses	3,000	1,275	1,725
Total expenditures	<u>62,650</u>	<u>58,024</u>	<u>4,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(61,650)</u>	<u>(54,182)</u>	<u>7,468</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers	<u>62,650</u>	<u>612,352</u>	<u>549,702</u>
Total other financing sources (uses)	<u>62,650</u>	<u>612,352</u>	<u>549,702</u>
Net change in fund balances	1,000	558,170	557,170
FUND BALANCES BEGINNING OF YEAR	<u>(1,000)</u>	<u>50,961</u>	<u>51,961</u>
FUND BALANCES END OF YEAR	<u>\$ 0</u>	<u>\$ 609,131</u>	<u>\$ 609,131</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
ALTURAS TECHNOLOGY PARK DISTRICT FUND
Year Ended September 30, 2016

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes			
Investment interest			
Other revenue		\$ 50	\$ 50
Total revenues	\$ 0	50	50
EXPENDITURES			
Current			
Legal and professional fees	10,000	154	9,846
Advertising	4,000	108	3,892
Repairs and maintenance	5,000	4,017	983
Contingency	40,000		40,000
Total expenditures	59,000	4,279	54,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,000)	(4,229)	54,771
OTHER FINANCING SOURCES (USES)			
Operating transfers	(31,325)	(612,352)	(581,027)
Alturas termination plan	(767,044)	(849,956)	(82,912)
Total other financing sources (uses)	(798,369)	(1,462,308)	(663,939)
Net change in fund balances	(857,369)	(1,466,537)	(609,168)
FUND BALANCES BEGINNING OF YEAR	857,369	1,466,537	609,168
FUND BALANCES END OF YEAR	\$ 0	\$ 0	\$ 0

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
LEGACY CROSSING DISTRICT FUND
Year Ended September 30, 2016

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 141,000	\$ 179,552	\$ 38,552
Grants and contributions	108,235	145,940	37,705
Total revenues	<u>249,235</u>	<u>325,492</u>	<u>76,257</u>
EXPENDITURES			
Current			
Legal and professional fees	22,350	9,797	12,553
Advertising	2,000		2,000
Land incentive agreement	9,000	10,967	(1,967)
Other administration expenses	4,000	2,322	1,678
Debt service			
Principal retirement	401,000	27,000	374,000
Interest	18,435	15,632	2,803
Capital outlay			
Land		145,940	(145,940)
Improvements	194,885		194,885
Contingency	15,000		15,000
Total expenditures	<u>666,670</u>	<u>211,658</u>	<u>455,012</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(417,435)</u>	<u>113,834</u>	<u>531,269</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale	450,000		(450,000)
Operating transfers	(31,325)		31,325
Total other financing sources (uses)	<u>418,675</u>	<u>0</u>	<u>(418,675)</u>
Net change in fund balances	1,240	113,834	112,594
FUND BALANCES BEGINNING OF YEAR	<u>(1,240)</u>	<u>411,333</u>	<u>412,573</u>
FUND BALANCES END OF YEAR	<u>\$ 0</u>	<u>\$ 525,167</u>	<u>\$ 525,167</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Moscow Urban Renewal Agency (the “Agency”), a component unit of the City of Moscow, Idaho, was organized on June 19, 1995, under the Idaho Urban Renewal Law, Chapter 20, Title 50 of the *Idaho Code*. As such, the Agency acts as a legal entity, separate and distinct from the City of Moscow, even though members of the City Council also serve as members of the Agency’s governing board. However, the Agency is considered a component unit of the City of Moscow due to the oversight authority of the City Council.

The actions of the Agency are binding, and business, including the incurrence of long-term debt, is routinely transacted in the Agency’s name by its appointed representatives. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property, public improvements, and revitalization activities in those areas of the City determined to be in a declining condition, which are in a redevelopment project area.

The Alturas Technology Park is the Agency’s first project. Phase I of the project was constructed during 1997 and 1998, and consists of six saleable lots and a public park. Bonds were issued to finance the development costs. All six lots had been sold and occupied prior to the beginning of the current fiscal year.

On March 12, 2004, the Agency’s Board of Directors approved a plan to construct Phase II of the Alturas Technology Park. The City of Moscow’s Planning and Zoning Commission found the plan to conform with the City of Moscow’s Comprehensive Land Use Plan and it was approved by the City Council. The Agency approved an amendment to the plan, which contains provisions for financing Phase II and allows costs to be incurred for public improvements, an economic feasibility study, project costs, fiscal impact study, financing costs, and a plan for acquisition, disposition, and retention of assets, including real property. Construction of Phase II began in the fall of 2005 and completed prior to the beginning of the current fiscal year.

During the fiscal year ended September 30, 2008, a central portion of the City of Moscow was declared a deteriorating area. A second urban renewal district was defined and named Legacy Crossing District. During the course of fiscal year 2007-2008, a plan was written, public comment was obtained, and a feasibility study conducted. The final Legacy Crossing Urban Renewal District plan was accepted by the City Council in June 2008 and filed as approved by the Idaho State Tax Commission in August 2008. During fiscal year 2009-2010, the Agency issued bonds to finance the purchase of the land relating to Legacy Crossing District.

The Moscow Urban Renewal Agency closed the Alturas Technology Park Tax Allocation Area in 2016 and contributed public infrastructure capital assets in the amount of \$432,732 to the City of Moscow. Other contributed capital came from developers for the construction of new subdivisions in the amount \$412,569.

Measurement Focus and Basis of Accounting. The financial statements of the Moscow Urban Renewal Agency have been prepared in accordance with accounting principles generally accepted in the United States of America 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:

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 net position/fund balance restrictions 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 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.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO 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. The Agency has only governmental-type funds. Because there are only three funds, they are all presented on the face of the fund financial statements.

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

General Fund – This fund was created by the Agency, separate and apart from all other funds of the Agency, designated the “General Fund,” into which shall be deposited the excess interest revenues earned and incremental tax revenues received each year, after the provision has been made for payment of principal and interest on the bonds. The provision is determined by the Board and is sufficient to pay the costs of administration of the Agency for the fiscal year.

Alturas Technology Park and Legacy Crossing District Funds – These funds were created by the Agency as special funds held by the Agency, separate and apart from all other funds of the Agency, designated the “Alturas Technology Park Fund” and the “Legacy Crossing District Fund.” All incremental tax revenues relating to each individual project area shall be deposited promptly upon receipt by the Agency into the associated fund and shall be used only for the following purposes and in the following order of priority:

- First, to pay the interest on the bonds and notes payable relating to the associated project.
- Second, to pay the principal of the bonds and notes payable relating to the associated project.
- Third, to fund the general fund.
- Fourth, to fund construction in the project areas for plans as legally approved by the Moscow Urban Renewal Agency Commission.
- Fifth, for any lawful purpose of the Agency.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates. The Agency uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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, which is presented on the face of the financial statements.

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, 2016. The fair value is combined with the checking account balance and is presented as cash and investments.

Land Held for Sale. Land held for sale consists of properties purchased with the intent to sell the properties in the short-term. Land held for sale is stated at the lower of cost or fair market value. Land held for sale is not depreciated or amortized.

Capital Assets. Capital assets are long lived assets of the Agency as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The Agency records all capital assets at their original cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets consist of infrastructure at the Alturas Technology Park, which are depreciated using the straight-line method over their estimated useful life of 20 years, and the land relating to the Legacy Crossing District.

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. The Agency agrees to pay \$45,000 to the City of Moscow for services provided through City Administration, Public Works, Finance, and Community Development departments. Additionally, the Agency retains an Executive Director whose duties and responsibilities are equally separated from the City's Economic Development Director. The Agency contracts with the City for one-half of the full time position, as stipulated in the City Services Agreement between the City and the Agency.

2. PROPERTY TAXES

In accordance with Idaho law, property taxes are levied in dollars in September for each calendar year. Levies are made on or before the second Monday of September. 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.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

2. PROPERTY TAXES (CONTINUED)

The Agency has no direct taxing power. The agency receives property taxes based upon the increase in assessed value of property caused by construction and growth in valuation since the base year. All taxing districts within the tax allocation area receive property tax revenue from their respective tax rate at the base year's assessed value. The assessed property values of the Alturas Technology Park District and Legacy Crossing District in the base years were \$6,478,723 and \$47,710,183, respectively. Each year since the base year, the assessed valuation has grown due to new construction, remodeling, or growth in value.

The increased valuation since the base years and their related property tax increment is listed as follows:

Year	Alturas Technology Park District		Legacy Crossing District	
	Valuation Increase	Tax Revenue	Valuation Increase	Tax Revenue
1996	Base Year			
1997	\$ 412,961			
1998	2,152,755	\$ 8,715		
1999	3,035,029	37,802		
2000	6,733,645	55,711		
2001	7,870,259	122,694		
2002	7,791,240	142,102		
2003	9,154,368	158,102		
2004	12,532,351	182,716		
2005	13,902,634	216,171		
2006	15,874,049	226,213		
2007	16,528,808	267,176		
2008	17,743,264	275,300	Base Year	
2009	22,026,234	310,320	\$ 3,345,847	
2010	20,773,182	365,086	8,323,295	\$ 53,020
2011	20,959,640	349,530	8,377,408	129,830
2012	21,781,341	344,205	5,340,592	144,052
2013	20,097,246	394,093	4,898,388	97,548
2014	22,015,034	393,705	5,757,256	116,809
2015	Closeout Year	407,516	8,787,661	179,241
2016			9,104,105	179,552

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS

At September 30, 2016, the carrying amount of the Agency's cash deposits was \$62,334, and the bank balance was \$59,442. The entire cash balance is FDIC insured.

As of September 30, 2016, the Agency had the following investments and maturities:

	Less than 1	1-5	Greater than 5	Interest Rate	Fair Value
Governmental Activities					
Cash and equivalents	\$ 44,318			0.00	\$ 44,318
Idaho State Treasurer's Local Government Investment Pool	501,602			0.59	501,602
Total investments	<u>\$ 545,920</u>	<u>\$ 0</u>	<u>\$ 0</u>		<u>\$ 545,920</u>

Interest rate risk: In accordance with its investment policy, the Agency manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk: As of September 30, 2016, the Agency's investment in the Idaho State Treasurer's Local Government Investment Pool is unrated. The Agency's investments held through Zions Bank are AAA rated by Moody's Investor Service and are implicitly guaranteed by the U.S. government.

Concentration of credit risk: The Agency's investment policy states that the Agency shall mitigate concentration risk by:

1. Limiting investments to avoid over concentration in securities from a specific issuer or business sector,
2. Limiting investment in securities that have higher credit risks,
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the portfolio in readily available funds such as the State Treasurer's Local Government Investment Pool, government-sponsored agencies, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's policies include investments approved by *Idaho Code* 50-1013, which limit custodial credit by purchasing marketable securities by an implied guarantee of the United States of America, and the Agency uses brokers that qualify under Securities & Exchange Commission *Rule 15C3-1*.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

4. LAND HELD FOR SALE

As of September 30, 2016, land held for sale, which is stated at the lower of cost or fair value, consists of six lots within the Alturas Technology Park. It is intended that these lots be disposed of by way of sale and steps have been taken for this purpose. The value of these lots was \$531,256 at September 30, 2016.

5. CAPITAL ASSETS

Capital assets consist of land, infrastructure for water, sewer, curbs and sidewalks, street lighting, and paving. Activity for the year ended September 30, 2016, was as follows:

	Beginning Balance 10/01/15	Increases	Decreases	Ending Balance 09/30/16
Capital assets not being depreciated				
Land	\$ 510,316	\$ 145,940		\$ 656,256
Total assets not being depreciated, net	510,316	145,940		656,256
Capital assets being depreciated				
Infrastructure	1,186,207		\$(1,186,207)	0
Less accumulated depreciation for infrastructure	(753,478)	753,478		0
Total assets being depreciated, net	432,729	753,478	(1,186,207)	0
Governmental activities capital assets, net	\$ 943,045	\$ 899,418	\$(1,186,207)	\$ 656,256

6. LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the Agency for the fiscal year ended September 30, 2016:

	Series 2010 Revenue Allocation Bond	Total
Debt payable, 9/30/15	\$ 399,000	\$ 399,000
Additions		0
Principal payments	(25,000)	(25,000)
Debt payable, 9/30/16	\$ 374,000	\$ 374,000

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM OBLIGATIONS (CONTINUED)

Debt outstanding at September 30, 2016, consisted of the following:

Revenue Allocation Bonds - Series 2010 - \$510,000 Revenue Allocation (Tax Increment) Bonds due in annual installments, with an interest rate at September 30 of 4.39 percent.

At September 30, 2016, the annual debt service requirements to maturity, assuming current interest rates, are as follows:

Year Ending September 30	Series 2010	
	Principal	Interest
2017	\$ 27,000	\$ 17,287
2018	28,000	15,999
2019	29,000	14,591
2020	31,000	13,057
2021	32,000	11,370
2022-2026	185,000	34,286
2027	42,000	1,844
	<u>\$ 374,000</u>	<u>\$ 108,434</u>

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

The Agency also agreed to a long-term payback agreement with Latah County, Idaho, for the repayment of \$114,537 of property taxes received in prior years (see note 8 for details). The payback agreement calls for annual installment payments over 15 years with no interest. At September 30, 2016, the annual required payments to Latah County are as follows:

Year Ending September 30	Tax Repayment Agreement
2017	\$ 3,500
2018	3,500
2019	3,500
2020	3,500
2021	5,000
2022-2026	30,000
2027-2029	59,537
	<u>\$ 108,537</u>

The total interest expense in 2016 amounted to \$15,632 in the governmental funds.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

7. FUND BALANCE CLASSIFICATIONS

Nonspendable. Nonspendable fund balances represent amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The Agency's nonspendable fund balance consists of land that is held for resale and is not considered to be in a spendable form.

Restricted. Restricted net position/fund balances represent amounts whose use is restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Restrictions for the Agency include resources of the Alturas Technology Park District and the Legacy Crossing District that are set aside for the specific purpose of satisfying debt service requirements set forth by the Agency's individual bond related covenants.

Assigned. The fund balances classified as assigned are for use for specific purposes but do not rise to the level of restricted or committed. The Agency has assigned balances that include the activities of special revenue funds.

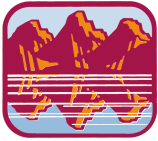
Unassigned. The unassigned fund balance is in the general fund and has not been restricted, committed, or assigned to specific purposes within the general fund.

8. PROPERTY TAX REPAYMENT AGREEMENT

As part of the creation of the Legacy Crossing District, all the parcels were given a base value premised on the 2008 property values. Assessed values above the 2008 base for those parcels benefit the District. Once the Area is established, a tax code area is created that identifies those taxing entities levying taxes within the Area. Beginning in 2009, any increase in the properties' assessed values times the levies, generates tax increment revenue for the District. The assessment process utilized by the County for three subsequent years from the base year of 2008 used certain software developed and provided by the Idaho State Tax Commission. It was determined that the software during this three-year period of time experienced a "glitch" that needed to be manually overridden by the Latah County Assessor's office in order to have prevented an over allocation of value. The Agency has no part of the assessment process or the establishment of the various tax levies.

Following the 2012 property tax assessment process, the County notified the Agency that after a review of the assessment process for the past three years, the District had been allocated too much assessed value. Disclosure note 2 on page 30 identifies these changes. The County determined that the Agency received an overpayment of \$114,537 of property tax receipts over a three-year period. The remaining balance at September 30, 2016 was \$108,537.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT - GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Moscow Urban Renewal Agency
Moscow, 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 each major fund of the Moscow Urban Renewal Agency as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Moscow Urban Renewal Agency's basic financial statements, and have issued our report thereon dated March 10, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Moscow 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 the Moscow Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Moscow 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 the Moscow Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the 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

March 10, 2017