

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**AUDITED FINANCIAL STATEMENTS  
September 30, 2015**

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

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February 19, 2016

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Urban Renewal Agency of the  
City of Twin Falls, Idaho

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho as of and for the year ended September 30, 2015, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 30-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2016, on our consideration of the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and compliance.

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & COMPANY, pllc  
Twin Falls, Idaho

# FINANCIAL STATEMENTS

## Government-Wide Financial Statements

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**

**Statement of Net Position**  
September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	14,384,634	\$ 222,834	\$ 14,607,468
Receivables:			
Property taxes	135,130	-	135,130
Other governments	5,310	-	5,310
Other	3,982,681	-	3,982,681
Prepaid Expenses	18,000	-	18,000
Construction in progress	16,687,100	-	16,687,100
Real estate	2,621,783	-	2,621,783
Land, buildings and improvements	-	5,206,902	5,206,902
Equipment	-	475,000	475,000
Accumulated depreciation	-	(852,734)	(852,734)
	<u>14,384,634</u>	<u>4,829,168</u>	<u>19,213,802</u>
Total Assets	<u>\$ 37,834,638</u>	<u>\$ 5,052,002</u>	<u>\$ 42,886,640</u>
<b>Liabilities</b>			
Accounts payable	\$ 7,291,319	\$ 34,640	\$ 7,325,959
Security deposits	-	68,158	68,158
Accrued interest	1,124,010	-	1,124,010
Construction advances	14,116,454	-	14,116,454
Noncurrent liabilities			
Due within one year	2,185,000	-	2,185,000
Due in more than one year	31,983,139	-	31,983,139
	<u>21,483,509</u>	<u>102,798</u>	<u>21,586,307</u>
Total Liabilities	<u>56,699,922</u>	<u>102,798</u>	<u>56,802,720</u>
<b>Net Position</b>			
Net investment in capital assets	5,192,429	4,829,168	10,021,597
Restricted for:			
Debt service	3,135,555	-	3,135,555
Unrestricted	(27,193,268)	120,036	(27,073,232)
Total Net Position	<u>(18,865,284)</u>	<u>4,949,204</u>	<u>(13,916,080)</u>
	<u>\$ 37,834,638</u>	<u>\$ 5,052,002</u>	<u>\$ 42,886,640</u>
Total Liabilities and Net Position	<u>\$ 37,834,638</u>	<u>\$ 5,052,002</u>	<u>\$ 42,886,640</u>

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Statement of Activities**  
For the Year Ended September 30, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 250,814	\$ -	\$ -	\$ -	\$ (250,814)	\$ -	\$ (250,814)
Community development	2,770,820	-	-	-	(2,770,820)	-	(2,770,820)
Interest on long-term debt	1,966,631	-	-	-	(1,966,631)	-	(1,966,631)
Total Governmental Activities	<u>4,988,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,988,265)</u>	<u>-</u>	<u>(4,988,265)</u>
<b>Business-Type Activities:</b>							
Rental property	302,568	435,162	-	-	-	132,594	132,594
Total Business-Type Activities	<u>302,568</u>	<u>435,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,594</u>	<u>132,594</u>
Total Primary Government							
<b>General Revenues and Transfers:</b>							
Taxes:							
Property taxes, levied for general tax increment purposes					8,357,193	-	8,357,193
Interest and investment earnings					12,246	-	12,246
Transfers					772,960	(772,960)	-
Total General Revenues and Transfers					<u>9,142,399</u>	<u>(772,960)</u>	<u>8,369,439</u>
Changes in Net Position					4,154,134	(640,366)	3,513,768
Net Position, October 1, 2014					<u>(23,019,418)</u>	<u>5,589,570</u>	<u>(17,429,848)</u>
Net Position, September 30, 2015					<u>\$ (18,865,284)</u>	<u>\$ 4,949,204</u>	<u>\$ (13,916,080)</u>

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

# FINANCIAL STATEMENTS

## Fund Financial Statements



**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Fund Balance Sheet**  
**GOVERNMENTAL FUNDS**  
September 30, 2015

	General	Redevelopment	Debt Service	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 579	\$ 11,678,644	\$ -	\$ 11,679,223
Restricted cash	-	-	2,705,411	2,705,411
Property tax receivable	-	135,130	-	135,130
Other receivables	-	3,982,681	-	3,982,681
Due from other governments	-	5,310	-	5,310
Total Assets	<u>\$ 579</u>	<u>\$ 15,801,765</u>	<u>\$ 2,705,411</u>	<u>\$ 18,507,755</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 581</u>	<u>\$ 7,290,738</u>	<u>\$ -</u>	<u>\$ 7,291,319</u>
Total Liabilities	<u>581</u>	<u>7,290,738</u>	<u>-</u>	<u>7,291,319</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	<u>-</u>	<u>130,569</u>	<u>-</u>	<u>130,569</u>
<b>Fund Balances</b>				
Restricted fund balance:	-	-	2,705,411	2,705,411
Unrestricted fund balance:				-
Committed fund balance	-	8,437,226	-	8,437,226
Assigned fund balance	-	-	-	-
Unassigned fund balance	<u>(2)</u>	<u>(56,768)</u>	<u>-</u>	<u>(56,770)</u>
Total Fund Balances	<u>(2)</u>	<u>8,380,458</u>	<u>2,705,411</u>	<u>11,085,867</u>
Total Liabilities and Fund Balances	<u>\$ 579</u>	<u>\$ 15,801,765</u>	<u>\$ 2,705,411</u>	<u>\$ 18,507,755</u>

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2015

	General	Redevelopment	Debt Service	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ -	\$ 5,844,308	\$ 2,442,592	\$ 8,286,900
Investment income	11,373	279	595	12,247
Total Revenues	<u>11,373</u>	<u>5,844,587</u>	<u>2,443,187</u>	<u>8,299,147</u>
<b>Expenditures</b>				
Current				
General government and administration	250,716	54	-	250,770
Area development and improvements	-	14,432,825	-	14,432,825
Real estate expense	-	14,169	-	14,169
Debt service				
Principal	-	1,254,090	5,558,000	6,812,090
Interest and other charges	44	48,115	1,726,326	1,774,485
Total Expenditures	<u>250,760</u>	<u>15,749,253</u>	<u>7,284,326</u>	<u>23,284,339</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(239,387)</u>	<u>(9,904,666)</u>	<u>(4,841,139)</u>	<u>(14,985,192)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	237,368	(3,436,802)	3,972,394	772,960
Construction advances	-	9,564,411	-	9,564,411
Issuance of debt	-	4,750,139	-	4,750,139
Bond loan fees	-	(97,494)	-	(97,494)
Total Other Financing Sources (Uses)	<u>237,368</u>	<u>10,780,254</u>	<u>3,972,394</u>	<u>14,990,016</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,019)	875,588	(868,745)	4,824
Fund Balances - Beginning of Year	2,017	7,504,870	3,574,156	11,081,043
Fund Balances - End of Year	<u>\$ (2)</u>	<u>\$ 8,380,458</u>	<u>\$ 2,705,411</u>	<u>\$ 11,085,867</u>

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

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position  
September 30, 2015**

Governmental Fund Balances	\$ 11,085,867
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	19,308,883
Prepaid expenses are not a financial resource and therefore not reported in the governmental funds	18,000
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds	130,569
Long-term liabilities, including bonds, real estate notes, and revenue notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds	(49,408,603)
Total Net Position of Governmental Activities	\$ (18,865,284)

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Government-wide Statement of Activities for the year ended September 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$ 4,824
Amounts reported for governmental activities in the Statement of Activities are different because:	
Property tax revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement	70,292
Governmental funds report principal payments in the period they are paid while the payment reduces long-term liabilities in the Statement of Net Assets	6,812,090
Accrued interest is reported in the statement of activities, but does not require the use of financial resources and therefore is not reported as an expenditure in governmental funds	(94,698)
Government funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	-
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources	(14,314,550)
Governmental funds report capital outlays as expenditures on the governmental fund type operating statement. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation in the current period	11,676,176
Changes in Net Position of Governmental Activities	\$ 4,154,134

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Statement of Net Position**  
**PROPRIETARY FUND**  
September 30, 2015

	Rental Activity
<b>Assets</b>	
Cash	\$ 222,834
Land, Buildings and Improvements	5,206,902
Equipment	475,000
Accumulated Depreciation	(852,734)
Total Assets	\$ 5,052,002
<b>Liabilities</b>	
Accounts Payable	\$ 34,639
Security Deposits	68,158
Total Liabilities	102,797
<b>Net Position</b>	
Net Investment in Capital Assets	4,829,168
Restricted	-
Unrestricted	120,037
Total Net Position	4,949,205
Total Liabilities and Net Position	\$ 5,052,002

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**PROPRIETARY FUND**  
For the Year Ended September 30, 2015

	<u>Rental Activity</u>
<b>Operating Revenues</b>	
Rental income	\$ 435,162
Total Operating Revenues	<u>435,162</u>
<b>Expenses</b>	
Depreciation	120,109
Property taxes	36,148
Real estate lease	72,000
Real estate expense	74,310
Total Operating Expenses	<u>302,567</u>
Operating Income (Loss)	<u>132,595</u>
<b>Interfund Transfers</b>	
Transfers in (out)	<u>(772,960)</u>
Net Transfers	<u>(772,960)</u>
Change in Net Position	(640,365)
Net Position - Beginning of Year	<u>5,589,570</u>
Net Position - End of Year	<u><u>\$ 4,949,205</u></u>

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Statement of Cash Flows**  
**PROPRIETARY FUND**  
September 30, 2015

	Rental Activity
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 435,162
Payments to suppliers	(151,731)
<b>Net Cash Provided (Used) by Operating Activities</b>	283,431
<b>Cash Flows from Non-Capital Financing Activities</b>	
Transfers from other funds	(772,960)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	(772,960)
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of capital assets	(22,490)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	(22,490)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(512,019)
<b>Cash - Beginning of Fiscal Year</b>	734,853
<b>Cash - End of Fiscal Year</b>	\$ 222,834
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income (loss)	\$ 132,595
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	120,109
Increase (decrease) in Accounts payable	30,727
Security deposits	-
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ 283,431

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

## NOTES TO FINANCIAL STATEMENTS

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES**

**Organization**

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law on July 19, 1965 to rehabilitate, conserve, and redevelop deteriorated or deteriorating areas in the City of Twin Falls to increase the tax base, promote economic development and promote employment.

In April 1998, the Urban Renewal Agency adopted an Urban Renewal Plan for Urban Renewal Area No. 4 and created Revenue Allocation Area No. 4-1.

Urban Renewal Area No. 4 includes the old town area and much of the industrial area of Twin Falls, stretching from 2800 East to 3300 East between the South Park Avenue / Kimberly Road line on the north and Orchard Avenue on the south, plus a call center building on Poleline Road.

Revenue Allocation Area No. 4-1 includes limited areas within Urban Renewal Area No. 4.

In April 2007, the Agency created Revenue Allocation Area 4-2 which was modified to include the eligible area between 3200 East and 3300 East and south of the Eastern Idaho rail line. The purpose of this was to provide tax increment revenue to use for economic development in the Area. Accordingly, the Agency is using this revenue to reimburse the developer, over 5 years, for infrastructure required for development to occur.

In November 2011, the Board of Directors passed a resolution creating Revenue Allocation Area No. 4-3. Revenue Allocation Area No. 4-3 consists of approximately two hundred and twenty acres and is generally located south of Kimberly Road (3800 North of Highway 30, west of 3300 East and north of the railroad).

In July of 2013 the Board of Directors approved an expansion of the original Revenue Allocation Area 4-1. The expansion, of 10%, was towards the central downtown area of Twin Falls. The Agency does not anticipate a significant amount of property tax revenue, but it will allow participation with the City of Twin Falls in needed infrastructure improvements that are within the new expansion area.

Under Chapter 20, Title 50 of the Idaho Code, the Agency is an independent public body, corporate and politic. For financial reporting purposes only the Agency is a discretely presented component unit of the reporting entity of the City of Twin Falls, Idaho.

**Financial Reporting Entity**

The Agency's financial statements include the accounts of all Agency operations. Governmental accounting and financial reporting standards require the inclusion of any organizations considered a component unit of the reporting entity.

Urban Renewal Agency of the City of Twin Falls, Idaho has no component units, but is considered a component unit of the City.



**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

***1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued***

The financial statements of the Urban Renewal Agency of the City of Twin Falls, Idaho, have been prepared in conformity with generally accepted accounting principles (GAAP) 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 more significant of the governmental Agency's accounting policies are described below.

**Basis of Presentation**

The Agency's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Agency as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Agency's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the Agency at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities and for each identifiable activity of the business-type activities of the Agency. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Agency does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. 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. Program revenues include: (1) charges for services which report fees and other charges to users of the Agency's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

***1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued***

Other revenue sources not properly included with program revenues are reported as general revenues of the Agency. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the Agency.

**Fund Financial Statements**

During the year, the Agency segregates transactions related to certain Agency functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

**Fund Accounting**

The Agency uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Agency uses two categories of funds: governmental and proprietary.

**Governmental Funds**

Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Agency reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance. The following are the Agency's major governmental funds:

**Major Governmental Funds**

The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *redevelopment fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

**Proprietary funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds.

The *rental fund* is used to account for the costs necessary to operate the Agency's rental property and the charges necessary to offset those costs.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

***1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued***

**Measurement Focus, Basis of Accounting and Basis of Presentation**

**Government-wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and deferred inflows of resources associated with the operation of the Agency are included on the statement of net position. The statement of activities reports revenues and expenses.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statements of cash flows provide information about how the Agency finances and meets the cash flow needs of its proprietary activities.

**BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Revenues-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

***1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued***

**Revenues-Non-exchange Transactions**

Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Agency must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: Property taxes and interest. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY**

**Deposits and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Short-term investments are all in U. S. Treasury money market funds regulated by the Securities and Exchange Commission.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair market value at year end.

The Agency is a voluntary participant in the State of Idaho Local Government Investment Pool (LPIG). The LPIG is regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the Agency's investments in the pool is reported in the accompanying financial statements at amounts based on the Agency's pro-rata share of the fair market value provided by the fund for the entire portfolio. The LGIP is not rated by a nationally recognized statistical rating organization.

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

***1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued***

**Custodial Credit Risk**

For deposits and investments, custodial credit risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements.

**Credit Risk**

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's Standard & Poor's and Fitch's. The investments of the Agency are not rated and the Agency's policy does not restrict them to rated.

**Receivables and Payables**

All trade and property tax receivables are shown net of any allowances for collectability.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Restricted Assets**

Tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received, these revenues are deposited in a separate account controlled by a bank trustee. All use of these funds must be requisitioned and approval of the trustee is required before payment is made.

The amount shown as restricted cash in the financial statements is the maximum annual debt service requirements for both principal and interest on the bonds.

**Capital Assets and Depreciation**

In its process and efforts to rehabilitate many areas of the City of Twin Falls, the Agency has acquired certain properties and made improvements such as streets, parking lots and parks. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

Proprietary capital assets are reported in their respective fund. Donated assets are stated at fair value on the date donated. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Capital Assets and Depreciation - continued**

Property, plant and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings and improvements	50 years
Machinery and equipment	5-20 years

Depreciation has been computed and recorded in these statements for the rental fund's existing building.

**Deferred Inflows of Resources**

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

**Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated. Interfund transactions are reported as operating transfers in conformity with generally accepted accounting principles.

**Accrued Liabilities and Long-Term Obligations**

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

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued**

**Accrued Liabilities and Long-Term Obligations – continued**

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the these funds.

Long-term liabilities consist of bonds, notes, and other indebtedness

**Debt Premiums, Discounts and Issuance Costs**

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred. On the government-wide and proprietary fund type statement of activities, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

At the government fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

**Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Governmental Fund Balances**

Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable fund balance - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Agency’s highest level of decision-making authority, the Board of Directors.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board of Directors through the budgetary process.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

***1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued***

**Governmental Fund Balances – continued**

Unassigned Fund Balance – This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

**Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Agency applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Agency, those revenues are rental income. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Items that do not result from the provision of goods or services to customers or directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

***2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

**Budgets**

Annually by September 1, the Agency is required to adopt and publish a budget for the next fiscal year. This budget is prepared by fund and includes historical information for the prior two years.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, redevelopment, and debt service funds. All annual appropriations lapse at fiscal year-end.



**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued**

**Excess of Expenditures over Appropriations**

For the fund year ended September 30, 2015, expenditures exceeded appropriation in the General Fund by \$29,342. Expenditures in the general fund were \$1,797 less than budgeted. The Agency was able to reduce budgeted transfers to the General fund from Redevelopment funds by \$32,455 to benefit from previous years surpluses.

**Other**

The Agency's Funds are requiring more accountability as additional revenue allocation areas are added. No allocation was made of property tax revenues to the general funds revenues, as has been the practice in past years, in an effort to first use the general funds reserves before requiring revenue allocation areas to contribute to the General Funds annual overhead.

**3. CASH AND INVESTMENTS**

**Cash and Cash Equivalents** – A reconciliation of cash and cash equivalents at September 30, 2015 is as follows.

Cash in bank	\$ 7,652,495
State Investment Pool	455,564
Money-market bond funds	<u>6,499,409</u>
Total Cash & Cash Equivalents	<u>\$ 14,607,468</u>

The reconciled bank balance is covered by \$250,000 federal depository insurance with the remainder covered by collateral held by the Agency's agent in the Agency's name.

The Agency has no investments in foreign currency and no expenses to foreign currency risk.

**4. TAXES RECEIVABLE AND UNAVAILABLE REVENUE**

The Urban Renewal Agency operates within Twin Falls County, Idaho. Idaho counties are responsible for collecting property taxes and remitting them to the various taxing entities within the County. Annually, taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20 in the following year. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner, and such other persons described by statute, by paying all back taxes and accumulated penalties, interest and costs.

In the governmental fund statements, taxes receivable and unavailable revenue consist of property tax revenue yet to be collected. Amount due from other governments is the property tax revenue estimated to be collected by Twin Falls County after year end and remitted to the Agency through November 2015.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**5. CAPITAL ASSETS**

A summary of activity in the general fixed for the Agency for the year ended September 30, 2015, was as follows:

	Balance, September 30, 2014	Additions	Deletions	Balance, September 30, 2015
<b>Governmental Activities:</b>				
Construction in Progress	\$ 4,552,043	\$ 12,135,057	\$ -	\$ 16,687,100
Land and Buildings	3,080,665	-	(458,882)	2,621,783
	<u>\$ 7,632,708</u>	<u>\$ 12,135,057</u>	<u>\$ (458,882)</u>	<u>\$ 19,308,883</u>
<b>Business Type Activities:</b>				
Land	\$ 1,350,000		\$ -	\$ 1,350,000
Buildings & Improvments	3,834,412	22,490	-	3,856,902
Equipment	475,000	-	-	475,000
<b>Total</b>	<u>\$ 5,659,412</u>	<u>\$ 22,490</u>	<u>\$ -</u>	<u>\$ 5,681,902</u>
<b>Accumulated Depreciation for Business-Type Activities</b>				
Buildings & Improvments	\$ 347,625	\$ 84,276	\$ -	\$ 431,901
Equipment	385,000	35,833	-	420,833
<b>Total</b>	<u>\$ 732,625</u>	<u>\$ 120,109</u>	<u>\$ -</u>	<u>\$ 852,734</u>

**6. LONG-TERM DEBT**

The Agency has issued revenue allocation bonds that are payable, both principal and interest, solely from the revenues the Agency derives from the increased property taxes generated from the revenue allocation area described in the bond ordinance.

On August 1, 2005, the Agency issued \$7,735,000 in Revenue Allocation Refunding Bonds, Series 2005A, to refund the \$6,935,000 outstanding principal of the Agency's Urban Renewal Multi-Mode Variable Rate Revenue Allocation (Tax Increment) Bonds, 1998, Series A to provide for a fixed interest rate and a present value interest cost savings; and to provide a reserve fund and to pay costs of issuance of the Bonds. The term of the new bonds is the same as the refunded bonds. These bonds were retired in the current year.

On February 21, 2013, the Agency issued \$34,533,000 in Revenue Allocation Bonds, Series 2013A and 2013B, for the acquisition of land and to prepare the land for industrial development, to improve public infrastructure, which included the construction of water lines, improvement of wastewater collection lines, wastewater pretreatment and treatment, natural gas and power in relation to the Chobani and future projects.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**6. LONG-TERM DEBT - Continued**

On February 5, 2015, the Agency issued \$4,350,000 in Revenue Allocation Bonds, Series 2015A (Tax-Exempt) and 2015B (Federally Taxable), to retire the Urban Renewal Agency of the City of Twin Falls' Revenue Allocation Refunding Bonds, Series 2005A.

On July 23, 2015, the Agency issued in the principal amount of up to \$5,550,000 in Revenue Allocation Bonds, Series 2015C for the purpose of funding certain urban renewal projects.

Revenue bonds and notes

Outstanding debt at September 30, 2015 consists of the following:

*Revenue Allocation Refunding Bonds, Series 2015A (Tax Exempt)*, dated February 5, 2015 and maturing August 1, 2022. These are revenue allocation (tax-increment) bonds payable, both principal and interest, solely from the income, proceeds, revenues and funds the Agency derives from and in connection with the increased property taxes generated from the revenue allocation area as described in the bond ordinance and instrument. The proceeds of the bonds provided funds to refund prior obligations issued, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require annual sinking fund deposits on August 1 each year. Bonds maturing August 1, 2016 and later are subject to prior redemption on August 1, 2015. The bonds bear interest at 2.1%

\$ 3,280,000

*Revenue Allocation Bonds, Series 2013A*, dated February 21, 2013 and maturing April 1, 2032. These are revenue allocation (tax-increment) bonds payable, both principal and interest, solely from the income, proceeds, revenues and funds the Agency derives from and in connection with the increased property taxes generated from the revenue allocation area as described in the bond ordinance and instrument. The proceeds of the bonds provided funding to certain urban renewal projects. The bonds are term bonds that require annual sinking fund deposits on April 1 each year. Bonds maturing August 1, 2016 and later are subject to prior redemption on August 1, 2015. The bonds bear interest at 4.502%. Repayment of the bonds is guaranteed by Chobani Global Holding, Inc.

30,488,000

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**6. LONG-TERM DEBT – continued**

*Revenue Allocation Bonds, Series 2015C*, dated July 23, 2015 and maturing August 1, 2022. These are revenue allocation bonds that may be issued for up to \$5,500,000. The Agency established a fund designated the Revenue Allocation Fund, which shall include any Revenue Allocation Revenues established under the Urban Renewal Plan, as amended. All Pledged Revenues shall be deposited upon receipt in the Revenue Allocation Fund which shall be used first to pay for the interest on the bonds. Second to pay or provide for the payment of principal and redemption premium. Third to fund the Reserve Fund and fourth to pay for any repairs, additions or improvements to the Project or for any other urban renewal project in the Revenue Allocation Area or any other purpose of the Agency permitted by the Urban Renewal Plan and Law. The bonds are term bonds that require semi-annual interest payments on February 1 and August 1. Annual principal payments are due on August 1 each year beginning on August 1, 2018. The bonds interest rates vary, currently the rate is 1.534%.

\$ 400,139

Total

\$ 34,168,139

Expected annual maturities of these obligations are as follows:

<u>Year</u>	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
September 30, 2016	\$ 3,632,603	\$ 1,447,603	\$ 2,185,000
September 30, 2017	3,652,374	1,373,374	2,279,000
September 30, 2018	3,193,893	1,295,754	1,898,139
September 30, 2019	2,795,917	1,226,917	1,569,000
September 30, 2020	2,806,157	1,161,157	1,645,000
2021-2025	13,647,343	4,704,343	8,943,000
2026-2030	13,232,961	2,612,961	10,620,000
2031-2032	5,371,377	342,377	5,029,000
Total	<u>\$ 48,332,625</u>	<u>\$ 14,164,486</u>	<u>\$ 34,168,139</u>

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**6. LONG-TERM DEBT – continued**

**Changes in Long-Term Debt**

During the year ended September 30, 2015, the following changes occurred in liabilities reported as the general long-term debt.

Obligation	Balances, September 30, 2013	Additions	Repayments	Balances, September 30, 2014
Promissory note payable to Larry and Karen Tucker	\$ 184,096	\$ -	\$ 184,096	\$ -
Revenue Allocation Bonds, Series 2005A	4,435,000	-	4,435,000	-
Revenue Allocation Bonds, Series 2013A	31,611,000	-	1,123,000	30,488,000
Revenue Allocation Bonds, Series 2015A-Tax Exempt	-	3,900,000	620,000	3,280,000
Revenue Allocation Bonds, Series 2015B-Taxable	-	450,000	450,000	-
Revenue Allocation Bonds, Series 2015C-Taxable	-	400,139		400,139
<b>Total</b>	<b>\$ 36,230,096</b>	<b>\$ 4,750,139</b>	<b>\$ 6,812,096</b>	<b>\$ 34,168,139</b>

The bonds, or other debt of the Agency are not indebtedness, within the meaning of any constitutional or statutory debt limitation, and are not and will not be a debt of the Agency of Twin Falls, and the Agency shall not be liable thereon.

**7. OPERATING LEASE EXPENSE**

The Agency leases a parking lot for use by employees of its tenant, C3. The initial term of this lease is fifteen years from January 2003. The lease requires annual rent of \$68,000 due on January 1 each year through 2012, increasing to \$72,000 on January 1, 2013. If the lease is renewed for an additional five-year term the rent increases to \$124,630 on January 1, 2018. The lease agreement includes annual options to purchase beginning in December 2007. The option amount is \$1,133,000 until 2012, increasing to \$1,246,300 in 2013, and to \$1,370,930 if not exercised until after 2017.

**URBAN RENEWAL AGENCY  
OF THE CITY OF TWIN FALLS, IDAHO**

**NOTES TO FINANCIAL STATEMENTS  
September 30, 2015**

**7. OPERATING LEASE EXPENSE –continued**

The future minimum lease payments on this lease, through 2019, are as follows:

September 30, 2016	\$	72,000
September 30, 2017		72,000
September 30, 2018		124,630
September 30, 2019		124,630
September 30, 2020		124,630
Total	\$	<u>517,890</u>

**8. MANAGEMENT AGREEMENT**

The Agency and the City of Twin Falls entered into an agreement in March 1993, where the City agreed to provide administrative, legal, engineering, budgeting and accounting services in exchange for a fee paid by the Agency. The amount is determined annually and was \$229,000 for the year.

**9. COMMITMENTS AND SUBSEQUENT EVENTS**

The Agency has evaluated subsequent events through February 19, 2016, the date which the financial statements were available to be issued.

**10. BOND COVENANT COMPLIANCE**

The Agency is subject to various covenants as a result of the various bonds issued by the Agency. During the year ended September 30, 2015, the Agency is in compliance with these covenants.

## REQUIRED SUPPLEMENTARY INFORMATION

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment Income	2,000	2,000	11,373	9,373
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>11,373</u>	<u>9,373</u>
<b>Expenditures</b>				
Current				
General government	256,650	256,650	250,716	5,934
Area development and improvements	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	44	(44)
Total Expenditures	<u>256,650</u>	<u>256,650</u>	<u>250,760</u>	<u>5,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(254,650)</u>	<u>(254,650)</u>	<u>(239,387)</u>	<u>15,263</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	224,650	224,650	237,368	12,718
Total Other Financing Sources (Uses)	<u>224,650</u>	<u>224,650</u>	<u>237,368</u>	<u>12,718</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	(2,019)	<u>\$ 27,981</u>
Fund Balance - Beginning of Year			<u>2,017</u>	
Fund Balance - End of Year			<u>\$ (2)</u>	

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



**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Redevelopment Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 4,041,474	\$ 4,041,474	\$ 5,844,308	\$ 1,802,834
Investment income	250	250	279	29
Total Revenues	4,041,724	4,041,724	5,844,587	1,802,863
<b>Expenditures</b>				
Current				
General government and administration	-	-	54	(54)
Area development and improvements	25,703,604	25,703,604	14,432,825	11,270,779
Real estate expense	6,200	6,200	14,169	(7,969)
Debt service				
Principal	1,254,060	1,254,060	1,254,090	(30)
Interest and other charges	46,288	46,288	48,115	(1,827)
Total Expenditures	27,010,152	27,010,152	15,749,253	11,260,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,968,428)	(22,968,428)	(9,904,666)	13,063,762
<b>Other Financing Sources (Uses)</b>				
Cash carryover	-	-	-	-
Contributions	-	-	-	-
Construction advances	15,688,985	15,688,985	9,564,411	(6,124,574)
Issuance of debt	(4,350,000)	(4,350,000)	4,750,139	9,100,139
Bond loan fees	-	-	(97,494)	(97,494)
Transfers in (out)	548,311	548,311	(3,436,802)	(3,985,113)
Proceeds From the Sale of Assets	-	-	-	-
Total Other Financing Sources (Uses)	11,887,296	11,887,296	10,780,254	(1,107,042)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (11,081,132)	\$ (11,081,132)	875,588	\$ 11,956,720
Fund Balance - Beginning of Year			7,504,870	
Fund Balance - End of Year			\$ 8,380,458	

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Debt Service Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 3,407,724	\$ 3,407,724	\$ 2,442,592	\$ (965,132)
Investment income	300	300	595	295
Total Revenues	<u>3,408,024</u>	<u>3,408,024</u>	<u>2,443,187</u>	<u>(964,837)</u>
<b>Expenditures</b>				
Debt service				
Principal	5,558,000	5,558,000	5,558,000	-
Interest and other charges	1,706,353	1,706,353	1,726,326	(19,973)
Total Expenditures	<u>7,264,353</u>	<u>7,264,353</u>	<u>7,284,326</u>	<u>(19,973)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,856,329)</u>	<u>(3,856,329)</u>	<u>(4,841,139)</u>	<u>(984,810)</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	-	-	-	-
Transfers in (out)	-	-	3,972,394	3,972,394
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,972,394</u>	<u>3,972,394</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (3,856,329)</u>	<u>\$ (3,856,329)</u>	(868,745)	<u>\$ 2,987,584</u>
Fund Balance - Beginning of Year			<u>3,574,156</u>	
Fund Balance - End of Year			<u>\$ 2,705,411</u>	

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Proprietary Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Rental income	\$ 435,908	\$ 435,908	\$ 435,162	\$ (746)
Total Revenues	<u>435,908</u>	<u>435,908</u>	<u>435,162</u>	<u>(746)</u>
<b>Expenditures</b>				
Current				
Depreciation	-	-	120,109	(120,109)
Insurance	-	-	-	-
Property taxes	37,000	37,000	36,148	852
Real estate lease	72,000	72,000	72,000	-
Real estate expense	133,400	133,400	74,310	59,090
Total Expenditures	<u>242,400</u>	<u>242,400</u>	<u>302,567</u>	<u>(60,167)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>193,508</u>	<u>193,508</u>	<u>132,595</u>	<u>(60,913)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)	(772,960)	(772,960)	(772,960)	-
Total Other Financing Sources (Uses)	<u>(772,960)</u>	<u>(772,960)</u>	<u>(772,960)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ (579,452)</u>	<u>\$ (579,452)</u>	(640,365)	<u>\$ (60,913)</u>
Fund Balance - Beginning of Year			5,589,570	
Fund Balance - End of Year			<u>\$ 4,949,205</u>	

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

## SUPPLEMENTARY INFORMATION

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Combined Fund Balance Sheet**  
**REDEVELOPMENT FUNDS**  
September 30, 2015

	Area 4-1	Area 4-3	Area 4-4	Total Redevelopment Funds
<b>Assets</b>				
Cash	\$ 5,266,471	\$ 6,468,941	\$ (56,768)	\$ 11,678,644
Property tax receivable	135,130	-	-	135,130
Other receivables	-	-	3,982,681	3,982,681
Due from other governments	5,310	-	-	5,310
Total Assets	<u>\$ 5,406,911</u>	<u>\$ 6,468,941</u>	<u>\$ 3,925,913</u>	<u>\$ 15,801,765</u>
<b>Liabilities</b>				
Accounts payable	\$ 307,020	\$ 3,001,037	\$ 3,982,681	\$ 7,290,738
Due to other funds	-	-	-	-
Total Liabilities	<u>307,020</u>	<u>3,001,037</u>	<u>3,982,681</u>	<u>7,290,738</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue-property taxes	<u>130,569</u>	<u>-</u>	<u>-</u>	<u>130,569</u>
<b>Fund Balances</b>				
Restricted fund balance:	-	-	-	-
Unrestricted fund balance:				
Committed fund balance	4,969,322	3,467,904		8,437,226
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	-	(56,768)	(56,768)
Total Fund Balances	<u>4,969,322</u>	<u>3,467,904</u>	<u>(56,768)</u>	<u>8,380,458</u>
Total Liabilities and Fund Balances	<u>\$ 5,406,911</u>	<u>\$ 6,468,941</u>	<u>\$ 3,925,913</u>	<u>\$ 15,801,765</u>

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Redevelopment Fund**  
**Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances**  
**By Project for the Redevelopment Fund**  
For the Year Ended September 30, 2015

	Area 4-1	Area 4-3	Area 4-4	Total Redevelopment Fund
<b>Revenues</b>				
Property taxes	\$ 2,360,037	\$ 3,484,271	\$ -	\$ 5,844,308
Investment income	-	279	-	279
Total Revenues	<u>2,360,037</u>	<u>3,484,550</u>	<u>-</u>	<u>5,844,587</u>
<b>Expenditures</b>				
Current				
General government and administration	54	-	-	54
Area development and improvements	1,392,104	3,476,019	9,564,702	14,432,825
Real estate expense	14,169	-	-	14,169
Debt service				-
Principal	1,254,090	-	-	1,254,090
Interest and other charges	48,115	-	-	48,115
Total Expenditures	<u>2,708,532</u>	<u>3,476,019</u>	<u>9,564,702</u>	<u>15,749,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(348,495)</u>	<u>8,531</u>	<u>(9,564,702)</u>	<u>(9,904,666)</u>
<b>Other Financing Sources (Uses)</b>				
Construction advances	-	-	9,564,411	9,564,411
Issuance of debt	4,750,139	-	-	4,750,139
Bond loan fees	(97,494)	-	-	(97,494)
Transfers in (out)	(3,401,120)	(35,682)	-	(3,436,802)
Total Other Financing Sources (Uses)	<u>1,251,525</u>	<u>(35,682)</u>	<u>9,564,411</u>	<u>10,780,254</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	903,030	(27,151)	(291)	875,588
Fund Balance - Beginning of Year	4,066,292	3,495,055	(56,477)	7,504,870
Fund Balance - End of Year	<u>\$ 4,969,322</u>	<u>\$ 3,467,904</u>	<u>\$ (56,768)</u>	<u>\$ 8,380,458</u>

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Combined Fund Balance Sheet**  
**DEBT SERVICE FUNDS**  
September 30, 2015

	Area 4-1	Area 4-3	Total Debt Service Funds
<b>Assets</b>			
Cash	\$ -	\$ -	\$ -
Restricted cash	-	2,705,411	2,705,411
Total Assets	\$ -	\$ 2,705,411	\$ 2,705,411
 <b>Liabilities</b>	\$ -	\$ -	\$ -
 <b>Fund Balances</b>			
Restricted fund balance:	-	2,705,411	2,705,411
Unrestricted fund balance:			-
Committed fund balance	-	-	-
Assigned fund balance	-	-	-
Unassigned fund balance	-	-	-
Total Fund Balances	-	2,705,411	2,705,411
Total Liabilities and Fund Balances	\$ -	\$ 2,705,411	\$ 2,705,411

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

**URBAN RENEWAL AGENCY**  
**OF THE CITY OF TWIN FALLS, IDAHO**  
**Debt Service Fund**

**Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances**  
**By Project for the Redevelopment Fund**  
For the Year Ended September 30, 2015

	Area 4-1	Area 4-3	Total Debt Service Fund
<b>Revenues</b>			
Property taxes	\$ 1	\$ 2,442,591	\$ 2,442,592
Investment income	28	567	595
Total Revenues	29	2,443,158	2,443,187
<b>Expenditures</b>			
Current			
Debt service			-
Principal	4,435,000	1,123,000	5,558,000
Interest and other charges	237,342	1,488,984	1,726,326
Total Expenditures	4,672,342	2,611,984	7,284,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,672,313)	(168,826)	(4,841,139)
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	3,972,394	-	3,972,394
Total Other Financing Sources (Uses)	3,972,394	-	3,972,394
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(699,919)	(168,826)	(868,745)
Fund Balance - Beginning of Year	699,919	2,874,237	3,574,156
Fund Balance - End of Year	\$ -	\$ 2,705,411	\$ 2,705,411

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



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Commissioners  
Urban Renewal Agency of the  
City of Twin Falls, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements, and have issued our report thereon dated February 19, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho'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 Urban Renewal Agency of the City of Twin Falls, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

*Mahlke Hunsaker & Co.*

MAHLKE HUNSAKER & COMPANY, PLLC  
TWIN FALLS, IDAHO  
February 19, 2016