

JEROME COUNTY URBAN RENEWAL AGENCY

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

Preliminary Draft

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Preliminary Draft

# Rexroat, Harberd & Assoc., P.A.

## Certified Public Accountants

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February 11, 2021

### Independent Auditors' Report

Board of Commissioners  
Jerome County Urban Renewal Agency  
Jerome, Idaho 83338

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

We have audited the accompanying financial statements of the governmental activities and the major funds of Jerome County Urban Renewal Agency as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Jerome County Urban Renewal 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.

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of Jerome County Urban Renewal Agency as of September 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the Notes to Required Supplementary Information, as listed in the table of contents, 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 a 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 required to be part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of 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 the effectiveness of Jerome County Urban Renewal Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jerome County Urban Renewal Agency's internal control over financial reporting and compliance.

JEROME COUNTY URBAN RENEWAL AGENCY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

ASSETS:

Cash in bank	\$ 53,692
Restricted cash	1,950
Total assets	<u>55,642</u>

LIABILITIES:

Accounts payable - trade	598
Accrued interest payable	192,107
Long-term liabilities:	
Current portion	30,000
Noncurrent portion	1,852,274
Total liabilities	<u>2,074,979</u>

NET POSITION:

Restricted	1,950
Unrestricted	(2,021,287)
Total net position	<u>\$ (2,019,337)</u>

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The accompanying notes are an integral part of the financial statements

JEROME COUNTY URBAN RENEWAL AGENCY  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Governmental Activities:</u>				
<u>Functions/Programs</u>				
Urban renewal projects	\$ 187,188	\$ -	\$ 20,000	\$ (167,188)
Total governmental activities	<u>\$ 187,188</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>(167,188)</u>
 General Revenues:				
Property taxes				133,612
Other income				-
Total general revenues and special items				<u>133,612</u>
Change in net position				(33,576)
Net position at October 1, 2019				<u>(1,985,761)</u>
Net position at September 30, 2020				<u>\$ (2,019,337)</u>

Preliminary Draft

The accompanying notes are an integral part of the financial statements

JEROME COUNTY URBAN RENEWAL AGENCY  
BALANCE SHEET-GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	Crossroads Area 1	Northbridge Junction Area 2	Crossroads Point Phase 2 Area 3	Total
<u>ASSETS:</u>				
Cash in bank	\$ 53,692	\$ -	\$ -	\$ 53,692
Receivable from Area 2	14,782	-	-	14,782
Restricted cash	-	-	1,950	1,950
<u>TOTAL ASSETS</u>	<u>\$ 68,474</u>	<u>\$ -</u>	<u>\$ 1,950</u>	<u>\$ 70,424</u>
<u>LIABILITIES:</u>				
Accounts payable - trade	\$ 406	\$ -	\$ -	\$ 406
Payable to Area 1	-	14,782	-	14,782
<u>TOTAL LIABILITIES</u>	<u>406</u>	<u>14,782</u>	<u>-</u>	<u>15,188</u>
<u>FUND BALANCES:</u>				
Restricted	-	-	1,950	1,950
Committed	68,068	(14,782)	-	53,286
<u>TOTAL FUND BALANCES</u>	<u>68,068</u>	<u>(14,782)</u>	<u>1,950</u>	<u>55,236</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>	<u>\$ 68,474</u>	<u>\$ -</u>	<u>\$ 1,950</u>	<u>\$ 70,424</u>
<u>Reconciliation to the Statement of Net Position:</u>				
Total Fund Balances - Governmental Funds				\$ 55,236
Amounts reported for governmental activities in the statement of net position are different because:				
Accounts payable not paid within 60 days after year end are not reported in the funds				(192)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:				
Accrued interest payable				(192,107)
Note payable - ABC Agra LLC				(1,833,736)
Note payable - Jerome County, Idaho				(48,538)
Total Net Position - Governmental Activities				<u>\$ (2,019,337)</u>

The accompanying notes are an integral part of the financial statements

JEROME COUNTY URBAN RENEWAL AGENCY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2020

<u>REVENUE:</u>	Crossroads <u>Area 1</u>	Northbridge Junction <u>Area 2</u>	Crossroads Point Phase 2 <u>Area 3</u>	<u>Total</u>
Tax increment revenue	\$ 133,612	\$ -	\$ -	\$ 133,612
Other	-	-	20,000	20,000
Total revenue	<u>133,612</u>	<u>-</u>	<u>20,000</u>	<u>153,612</u>
<u>EXPENDITURES:</u>				
Current:				
Audit	2,800	-	-	2,800
Legal	19,514	1,640	11,749	32,903
Consultant fees	6,873	119	6,301	13,293
Administrative services	4,999	-	-	4,999
Dues	950	-	-	950
Publication	3,805	-	-	3,805
Liability insurance	1,443	-	-	1,443
Office/miscellaneous expense	1,147	-	-	1,147
Debt service	100,214	-	-	100,214
Total expenditures	<u>141,745</u>	<u>1,759</u>	<u>18,050</u>	<u>161,554</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u>	(8,133)	(1,759)	1,950	(7,942)
<u>FUND BALANCE OCTOBER 1, 2019</u>	76,201	(13,023)	-	63,178
<u>FUND BALANCE SEPTEMBER 30, 2020</u>	<u>\$ 68,068</u>	<u>\$ (14,782)</u>	<u>\$ 1,950</u>	<u>\$ 55,236</u>

Reconciliation to the Statement of Activities:

Total net changes in fund balances - governmental funds	\$ (7,942)
Prior year accounts payable not paid more than 60 days after year end are not included in the funds	1,525
Current year accounts payable not paid within 60 days after year end are not included in the funds	(27,164)
Repayment of note principal is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets	5
	<u>\$ (33,576)</u>

The accompanying notes are an integral part of the financial statements



JEROME COUNTY URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2020

**Note 1 - Summary of Significant Accounting Policies**

**A) Basis of Presentation**

The financial statements of Jerome County Urban Renewal Agency (Agency) are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. GASB is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements.

**B) Financial Reporting Entity**

The Jerome County Urban Renewal Agency was organized in October 2008 under the Idaho Urban Renewal Law of 1965. The Agency is governed by a three to nine person Board of Commissioners appointed by the Jerome County Commissioners.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no entities which would be component units of the Agency.

**C) Government-Wide and Fund Financial Statements**

The Agency's financial statements include the activities of the Agency. The Agency's *government-wide financial statements* provide both short-term and long-term information about the Agency's overall financial status. *Fund financial statements* focus on the individual activities of Agency government, reporting the Agency's operations in more detail than the government-wide financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the Agency's assets and liabilities, with the difference between the two presented as net position. Net position is reported as one of three categories: invested in capital assets, net of related debt; restricted; or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that is otherwise restricted.

The statement of activities presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Amounts reported as program revenues on the government-wide financial statements include (a) charges for services - amounts received from customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided by the Agency, (b) program-specific operating grants and contributions, and (c) program-specific capital grants and contributions. General revenues consist of taxes and all other revenues that do not meet the definition of program revenues. Special items are significant transactions or events within the control of management that are either unusual in nature or infrequent in occurrence.

JEROME COUNTY URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2020

**Fund financial statements.** The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency has three governmental funds: Crossroads Area 1, Northbridge Junction Area 2, and Crossroads Point Phase 2 Area 3.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use a current financial resources measurement focus and the modified accrual basis of accounting, focusing on the near-term inflows and outflows of spendable resources, and balances of spendable resources available at fiscal year end.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter (usually 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes are susceptible to accrual. Other receipts become measurable and available when the cash is received by the government and are recognized as revenue at that time.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-wide financial statements. The Agency has presented all major funds that met those qualifications. In addition, the Agency has presented certain funds as major funds because the Agency believes the financial position and activities of these funds are significant to the Agency as a whole. The Agency reports the following major governmental funds:

- a. Crossroads Area 1 - a special revenue fund used to account for and report property taxes (tax increment revenue) restricted or committed for the operation and maintenance of the Crossroads revenue allocation area.
- b. Northbridge Junction Area 2 - a special revenue fund used to account for and report property taxes (tax increment revenue) restricted or committed for the operation and maintenance of the Northbridge Junction revenue allocation area.
- c. Crossroads Point Phase 2 Area 3 - a special revenue fund used to account for and report property taxes (tax increment revenue) restricted or committed for the operation and maintenance of the Crossroads Point Phase 2 revenue allocation area.

D) Assets, Liabilities, and Net Position/Equity

1. Inventories

The Agency does not capitalize and reflect as inventory, expendable supplies on hand at fiscal year end. Materials and supplies are recorded as expenses of the period.

2. Long-term Debt Obligations

In the government-wide financial statements long-term debt is reported as a liability. Issuance costs are deferred and amortized using the effective interest rate method.

JEROME COUNTY URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2020

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and other financing uses, respectively.

3. Property Taxes

Property taxes for each year are levied in September of that year with the first half of real property taxes and all personal property and mobile home taxes due on December 20th. Such taxes not paid on or before December 20th are considered to be delinquent. The second half of the real property taxes are due June 20th of the following year and are considered to be delinquent on June 21st. An initial late penalty of 2% of tax plus 1% per month interest charge is assessed on all delinquent taxes. A tax lien is filed for property whose taxes become three years delinquent. Taxes collected by the County are remitted to the Agency on a monthly basis.

Property taxes receivable for the current year, that are expected to be collected after the available period (usually 60 days), are recorded as unavailable revenue.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the funds. This is in conformance with Idaho State Statutes which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

5. Fund Balance

In accordance with GASB Statement No. 54, fund balances are classified as follows:

- *Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Agency's board. These amounts cannot be used for any other purpose unless the Agency's board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.
- *Assigned* - This classification includes amounts that are constrained by the Agency's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Agency's board.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed or assigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds and then assigned funds, as needed, unless the Agency has provided otherwise in its commitment or assignment actions.

E) Use of Estimates

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

JEROME COUNTY URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2020

F) Inter-fund Transactions

On fund financial statements, inter-fund transactions are reflected as either loans or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds." Transfers between governmental funds are netted as part of the reconciliation to the government-wide presentation.

F) Upcoming Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Agency is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Agency's financial statements for the year ending September 30, 2022.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, post-employment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Agency does not believe this pronouncement will have a significant impact on their financial statements but are still making a full evaluation.

**Note 2 - Deposits and Investments**

Idaho State statute authorizes the Agency to invest in a number of types of investments, including obligations of the U.S. Treasury, the State of Idaho or county, city or other taxing agencies of the State of Idaho, commercial paper, corporate bonds, and repurchase agreements. Current Agency investments are limited to depository accounts.

The Agency does not have a custodial credit risk policy or a concentration of credit risk policy.

*Deposits* - For deposits, custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. At September 30, 2020, the carrying amount of the Agency's deposits with financial institutions (after considering outstanding and other reconciling items) was \$55,642 and the bank balance was \$57,386. The entire bank balance was covered by federal depository insurance.

*Investments* - The Agency had no investments at September 30, 2020.

*Restricted Cash and Fund Balance* - The fund balance and net position at September 30, 2020, was restricted for expenses incurred for planning costs associated with Northbridge Junction Area 2.

**Note 3 - Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2020, were as follows:

<u>Governmental Activities</u>	Balance October 1, 2019	<u>Additions</u>	<u>Reductions</u>	Balance September 30, 2020	Amounts Due Within One Year
Note payable to ABC					
Agra, LLC .....	\$1,833,741	\$ ...	\$ 5	\$1,833,736	\$ 30,000
Jerome County .....	48,538	...	...	48,538	...
	<u>\$1,882,279</u>	<u>\$ ...</u>	<u>\$ ...</u>	<u>\$1,882,274</u>	<u>\$ 30,000</u>

JEROME COUNTY URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2020

Note payable to ABC Agra, LLC - The Agency borrowed \$1,900,000 from ABC Agra, LLC on August 1, 2013, in order to make improvements to Crossroads Area 1. The interest rate is set at the Prime Rate plus 2% per annum and was 5.25% at September 30, 2020. Semi-annual payments of 75% of the tax revenue allocation proceeds received are required until the note is paid in full or until December 31, 2032, whichever occurs first. The principal balance as of September 30, 2020, was \$1,833,736. Unpaid accrued interest due on the note at September 30, 2020, was \$192,107.

No amount of the principal balance at year end was determined to be due within one year as the unpaid accrued interest balance for each year was in excess of the full amount of the estimated payment to be made in the subsequent year. However, a principal payment of \$30,000 was paid subsequent to September 30, 2020, and is reflected as due within one year. No principal and interest requirements to maturity are listed as the future payments are subject to uncertainty.

At September 30, 2020, the Agency was in compliance with the repayment terms of the promissory note which require semi-annual payments.

Payable to Jerome County - The Agency has an unsecured payable to Jerome County which was provided in order to pay for the costs of establishing the Agency. There are no terms for repayment of the loan. The principal balance as of September 30, 2020, is \$48,538.

**Note 4 - Risk**

The Agency is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to cover these risks.

**Note 5 - Interest Expense**

Interest expense of \$127,181 for September 30, 2020, is included under direct expenses on the Statement of Activities.

**Note 6 - Deficit Fund Balance**

A deficit net position is reported at September 30, 2020, on the Statement of Net Position. A deficit fund balance is reported for Northbridge Junction Area 2 at September 30, 2020, on the Balance Sheet.

**Note 7 - Inter-Fund Receivables, Payables and Transfers**

At September 30, 2020, Northbridge Junction Area 2 owed \$14,782 to Crossroads Area 1. Of the total, \$1,759 is expected to be repaid within one year following year end. The balance of \$13,023 is not expected to be repaid within one year following year end. The transfers were made to pay for legal and administrative expenses incurred by Crossroads Area 1 on behalf of Northbridge Junction Area 2.

**Note 8 - Subsequent Events**

Subsequent to year end, the Agency entered into a Memorandum of Understanding with a developer that pertains to Northbridge Junction Area 2. The developer agrees to provide funding in the estimated total amount of \$6,500 to facilitate the preparation, consideration, and ultimate adoption of the 2020 Amended and Restated Eligibility Report for Northbridge Junction. Of the total of \$6,500, \$4,000 was received from the developer in December 2020 and will be used to reimburse Crossroads Area 1 for \$1,759 which was loaned to Northbridge Junction Area 2.

JEROME COUNTY URBAN RENEWAL AGENCY  
BUDGETARY COMPARISON SCHEDULE  
GOVERNMENTAL FUNDS - CROSSROADS AREA 1  
YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amounts Budgetary Basis	With Final Budget Over (Under)
<u>REVENUE:</u>				
Tax increment revenue	\$ 213,200	\$ 213,200	\$ 133,612	\$ (79,588)
Other	-	-	-	-
Total revenue	<u>213,200</u>	<u>213,200</u>	<u>133,612</u>	<u>(79,588)</u>
<u>EXPENDITURES:</u>				
Audit	3,000	3,000	2,800	(200)
Legal	10,000	10,000	19,514	9,514
Consultant fees	10,000	10,000	6,873	(3,127)
Administrative services	4,000	4,000	4,999	999
Dues	850	850	950	100
Publication	1,000	1,000	3,805	2,805
Liability insurance	1,443	1,443	1,443	-
Office/miscellaneous expense	250	250	1,147	897
Debt service	<u>159,900</u>	<u>159,900</u>	<u>100,214</u>	<u>(59,686)</u>
Total expenditures	<u>190,443</u>	<u>190,443</u>	<u>141,745</u>	<u>(48,698)</u>
<u>EXCESS (DEFICIENCY) OF REVENUE</u>				
<u>OVER EXPENDITURES</u>	<u>\$ 22,757</u>	<u>\$ 22,757</u>	<u>\$ (8,133)</u>	<u>\$ (30,890)</u>

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JEROME COUNTY URBAN RENEWAL AGENCY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2020

**NOTE 1 - BUDGETARY INFORMATION**

**A) Budgetary-GAAP Reporting Reconciliation**

The accompanying Budgetary Comparison Schedules compare the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

**B) Budgetary Policies**

Jerome County Urban Renewal Agency prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the Agency such as capital outlay expenditures. Any excess of budgeted expenditures over budgeted revenue are temporary situations and are budgeted so as to utilize cash balances in the individual fund. No budget was approved for Northbridge Junction Area 2 or for Crossroads Point Phase 2 Area 3 for the year ended September 30, 2020.

**C) Excess of Expenditures Over Revenue**

The Budgetary Comparison Schedule shows budgeted revenue in excess of budgeted expenditures of \$22,757 and actual expenditures in excess of revenue of \$8,173 for the year ended September 30, 2020.

Preliminary Draft

# Rexroat, Harberd & Assoc., P.A.

## Certified Public Accountants

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February 11, 2021

Independent Auditors' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

Board of Commissioners  
Jerome County Urban Renewal Agency  
Jerome, Idaho 83338

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of Jerome County Urban Renewal Agency as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated February 11, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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