



Agenda: Thursday, September 21, 2017, 7:00 a.m.

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

1. **Consent Agenda** - Any item will be removed from the consent agenda at the request of any member of the Board and that item will be considered separately later.
 - A. Minutes from September 7, 2017
 - B. August 2017 Payables
 - C. August 2017 Financials

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

2. **Public Comment for items *not on agenda*:** Three minute limit
3. **Announcements**
4. **Review of Joint Meeting with the City Council – Bill Belknap**

5. **FY2017 Financial Statement Audit Services Letter of Engagement – Bill Belknap**

For the last several years the Agency has engaged Presnell Gage, PLLC for to perform an audit of the MURA's financial statements. Presnell Gage is offering to provide the same services for the Agency's fiscal year ending September 30, 2017. The proposed fee is \$4,800, which is a 2% fee increase over past fees paid for these services. Staff has been pleased with the services provided by Presnell Gage and recommends that the Board to continue with their firm for the upcoming audit.

ACTION: Approve the proposed letter of engagement for the audit of the MURA financial statements for the fiscal year ending September 30, 2017; or take other action as deemed appropriate.

6. **Review of Bylaw Amendment Pertaining to Standing Subcommittees – Bill Belknap**

At the Board's August 17th meeting the Board discussed the three different standing subcommittees currently identified within the Agency current bylaws. As reported at that time, other than the Finance Committee, which has generally met at least once a year to review the proposed Agency budget, the committees have been inactive for the last seven years. At that time the Board directed Staff to prepare an amended draft of the bylaws to remove the Governmental Relations and Marketing Committees and to add specific duties and responsibilities for the Finance Committee. Staff has prepared a draft of the requested changes for the Board's Review.

ACTION: Review draft bylaws changes and provide Staff with direction.

7. Agency Policy Development Discussion – Bill Belknap

During the recent strategic planning process it was identified that the Agency has not adopted formal policies that address and direct many of the Agency's activities. At the Board's August 17th meeting, Staff recommended that the Agency establish and adopt formal policies that address a number of specific areas including various elements of general Agency administration, financial controls, and development project participation. Staff will facilitate a discussion of potential policy elements and seek Board direction.

ACTION: Review draft policy elements and provide Staff with direction.

8. General Agency Updates – Bill Belknap

- Legacy Crossing District
- Alturas District
- General Agency Business

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



Minutes: Thursday, September 7, 2017, 7:00

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

Joint Meeting of Moscow Urban Renewal Agency and Moscow City Council

Agency Members Present	Council Members Present	Also in Attendance
Steve McGeehan, Chair	Bill Lambert, Mayor	Bill Belknap, MURA Executive Director
Art Bettge	Art Bettge	Gary Riedner, MURA Interim Treasurer
Dave McGraw	Jim Boland	Anne Peterson, MURA Clerk
Ron Smith	Kathryn Bonzo	
Brandy Sullivan	Walter Steed	
John Weber	Gina Taruscio	
	John Weber	

Chair McGeehan called the meeting to order at 7:00 a.m.

Agency Business

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

A. Minutes from August 17, 2017

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

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

Joint Meeting with Moscow City Council

- Welcome –Chair McGeehan and Mayor Lambert**

McGeehan welcomed everyone to the meeting. Introductions were not necessary.

- Update of City Strategic Plan, Current and Future Projects – Gary J. Riedner**

Riedner provided a status report on the City Strategic Planning process, including some of the driving forces and trends such as tax implications, services outpacing resources, aging/failing infrastructure, University of Idaho enrollment, employment levels, etc. Goal is to provide opportunity for the community while continuing to support the current climate of friendliness and good sense of place. City is doing longer-range planning in all areas with the critical goal of providing transparency throughout the process. The City's partnership with URA will be very important in addressing the aging downtown infrastructure and deteriorating pavement.

- Review of Agency Strategic Plan and Recent Projects – Bill Belknap**

Belknap quickly reviewed the Agency Strategic Plan and its goals, plans and objectives that focus on the Agency mission of growth, enhancement, collaboration and investment in the community. A five-year capital improvement plan has been created to assist with longer-term planning and focuses on helping partner entities achieve their goals for the community. Project highlights demonstrate to the public the benefit of Agency activities

such as the downtown restroom project, downtown sidewalk replacement, Styner/White pedestrian underpass and numerous streetscape enhancements.

4. Overview of Potential Legacy Crossing Amendment and New South Moscow District – Bill Belknap

Based on the initial conversation during last year's joint meeting, the Agency has continued exploration of amending the Legacy Crossing District boundaries so the Agency could partner with City projects such as city beautification and additional Main Street intersection bulb-outs and sidewalk café space. At the same time, the need for more industrial-zoned properties and desired infrastructure improvements in South Moscow has developed into a priority goal of the MURA to create a new urban renewal district. Belknap described many of the considerations leading to the establishment of potential new or revised district boundaries, keeping in mind the total area within all renewal districts cannot not surpass the 10% threshold of total assessed valuation of City property. Belknap briefly explained the process and there was discussion about the County's hesitancy to provide a Transfer of Power Ordinance. Counties do have the authority to create their own urban renewal districts but other complications would make that route less desirable. McGraw expressed concern that a Legacy Crossing expansion could appear to citizens as overreach unless the reasoning was very well articulated. Riedner said some URAs within Idaho have had trouble because they were too aggressive, but Moscow's renewal districts have only been created in response to very particular needs. He added that since a large portion of Moscow's land is tax exempt, the incremental growth within renewal districts helps increase the tax base. An audience member suggested that including the property owners very early in the conversation would make a huge difference in their willingness to be included within district boundaries. McGraw stated the County Commissioners are completely on board with the South Moscow district and he'd like to revisit the Transfer of Power option. Taruscio suggested the Council and Agency members should be provided specific talking points to help explain URAs in general as they speak with citizens. Belknap outlined the process for district amendment or creation which includes further discussion with property owners, eligibility studies, Agency approval of eligibility reports, approval via Agency resolution, review by Planning & Zoning, a public hearing before City Council, and final approval via City ordinance. Consensus was for the Agency to continue its efforts toward amending Legacy Crossing and studying a new South Moscow district.

5. Discussion of Potential Future Projects and Priorities – Chair McGeehan and Mayor Lambert

Boland asked about potential Agency involvement with the Dumas site development and Belknap said the property is under contract but no project plans have been submitted. Boland asked if Crites had plans to move or expand within Legacy Crossing. Garrett Thompson stated from the audience that they have no plans to move. Boland asked if a pedestrian underpass is under discussion at the Identity on Main area and Belknap said the Palouse Path Task Force has discussed it.

6. Adjourn

McGeehan declared the meeting adjourned at 8:20 am.

Steve McGeehan, Agency Chair

Date



Balance Sheet
August 31, 2017

	<u>Total Funds</u>
ASSETS	
Cash	39,138
Investments-LGIP	515,886
Investments-Zions Debt Reserve	44,318
Accounts Receivable	-
Land Held For Resale	531,256
Land	<u>656,256</u>
Total Assets	<u><u>1,786,854</u></u>
LIABILITIES	
Accounts Payable	-
Deposits Payable	5,000
Series 2010 Bond - due within one year	27,000
Latah County payback agreement - due within one year	3,500
Series 2010 Bond - due after one year	347,000
Latah County payback agreement - due after one year	<u>105,037</u>
Total Liabilities	<u>487,537</u>
FUND BALANCES	
Net Assets Invest. Cap Assets	326,568
Restricted Fund Balance	44,312
Unrestricted Fund Balance	<u>937,137</u>
Total Fund Balance	<u>1,308,017</u>
Retained Earnings:	<u><u>-8,700</u></u>
Total Fund Balance and Retained Earnings:	<u><u>1,299,317.47</u></u>
Total Liabilities, Fund Balance and Retained Earnings:	<u><u>\$1,786,854</u></u>

Checks for Approval

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August 2017



Check	Check Date	Account Name	Vendor	Void	Amount
ACH	08/25/2017	Bond Principal - Legacy	Zions First National Bank		27,000.00
ACH	08/25/2017	Bond Interest - Legacy	Zions First National Bank		7,238.87
ACH	08/25/2017	Fiscal Agent Trustee fees	Zions First National Bank		1,500.00
4492	08/11/2017	Professional Services-Legacy	Hawley, Troxell, Ennis & Hawley		2,236.00
4493	08/11/2017	Improvements-Legacy	Quality Contractors, LLC		2,378.50
4494	08/11/2017	Misc. Expense-General	Rosauers		6.39
4495	08/25/2017	Heat, Lights & Utilities	Avista		41.12
4496	08/25/2017	Travel & Meetings-General	Cardmember Service		44.44
4497	08/25/2017	Administrative Services	City of Moscow		3,862.50
4497	08/25/2017	Heat, Lights & Utilities	City of Moscow		377.90
4498	08/25/2017	Professional Services-Legacy	Elam & Burke		351.50
4499	08/25/2017	Marketing Expense-General	News Review Publishing Co.		174.72
4500	08/25/2017	Misc. Expense-General	Rosauers		8.78
4500	08/25/2017	Misc. Expense-General	Rosauers		6.22

Report Total: 45,226.94

Steve McGeehan, Chairperson

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

Bill Belknap, Executive Director

Gary J Riedner, Treasurer

Checks by Date - Detail By Check Date

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August 2017

				Check Amount
4492	UHAWLEY 322277	Hawley, Troxell, Ennis & Hawley Legal Fees Re: Bond Payoff	8/11/2017	2,236.00
Total for Check Number 4492:				2,236.00
4493	UQUALITY 16-386	Quality Contractors, LLC Salvation Army Driveway Repairs	8/11/2017	2,378.50
Total for Check Number 4493:				2,378.50
4494	UROSAUER 09-578618	Rosauers Meeting Materials	8/11/2017	6.39
Total for Check Number 4494:				6.39
Total for 8/11/2017:				4,620.89
ACH	UZIONS 5854650 5854650	Zions First National Bank Principal payment on Legacy bond Interest payment on Legacy bond less \$57.78 on hand	8/25/2017	27,000.00 7,238.87
Total for this ACH Check for Vendor UZIONS:				34,238.87
ACH	UZIONS 8/1/17	Zions First National Bank Legacy Bond Fiscal Agent Fee	8/25/2017	1,500.00
Total for this ACH Check for Vendor UZIONS:				1,500.00
4495	UAVISTA July 2017	Avista 6th & Jackson Utilities	8/25/2017	41.12
Total for Check Number 4495:				41.12
4496	UVISAADM July 2017	Cardmember Service MURA Finance Committee Lunch	8/25/2017	44.44
Total for Check Number 4496:				44.44
4497	UCITYMOS August 2017 July 2017	City of Moscow Administrative Service Utilities July 2017	8/25/2017	3,862.50 377.90
Total for Check Number 4497:				4,240.40
4498	UELAMBUR 8/9/17	Elam & Burke Legal Services OPA Assignment	8/25/2017	351.50
Total for Check Number 4498:				351.50
4499	UMOSPULD 435584	News Review Publishing Co. Proposed Budget Public Hearing Notice 7-22 & 7-29	8/25/2017	174.72
Total for Check Number 4499:				174.72
4500	UROSAUER 01-764449 09-602774	Rosauers Meeting Materials Meeting Materials	8/25/2017	8.78 6.22
Total for Check Number 4500:				15.00
Total for 8/25/2017:				40,606.05
Total Bills for August 2017				45,226.94

General Ledger Exp to Bud

User: jspellman

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Period 01 - 11

Fiscal Year 2017

August 2017



Account Number	Description	Budget	Period Amount	End Bal	Variance	Avail/Uncollect	% Collected
890	Moscow Urban Renewal Agency						
880	URA - General Agency						
890-880-10-642-00	Administrative Services	\$ 46,350.00	\$ 3,862.50	\$ 42,487.50	\$ 3,862.50	\$ 3,862.50	91.67%
890-880-10-642-10	Professional Services-Exec Dir	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-880-10-642-15	Professional Services-Other	\$ 6,000.00	\$ -	\$ 850.00	\$ 5,150.00	\$ 5,150.00	14.17%
890-880-10-642-20	Professional Services-Auditing	\$ 5,000.00	\$ -	\$ 4,700.00	\$ 300.00	\$ 300.00	94.00%
890-880-10-642-30	Professional Services-Computer	\$ 1,000.00	\$ -	\$ 2,456.95	\$ (1,456.95)	\$ (1,456.95)	245.70%
890-880-10-644-10	Marketing Expense-General	\$ 1,000.00	\$ 174.72	\$ 220.32	\$ 779.68	\$ 779.68	22.03%
890-880-10-668-10	Liability Insurance-General	\$ 1,650.00	\$ -	\$ 1,507.00	\$ 143.00	\$ 143.00	91.33%
E02	Contractual	\$ 61,000.00	\$ 4,037.22	\$ 52,221.77	\$ 8,778.23	\$ 8,778.23	85.61%
890-880-10-631-10	Postage Expense	\$ 100.00	\$ -	\$ -	\$ 100.00	\$ 100.00	0.00%
890-880-10-631-20	Printing and Binding	\$ 400.00	\$ -	\$ 98.33	\$ 301.67	\$ 301.67	24.58%
890-880-10-647-10	Travel & Meetings-General	\$ 1,000.00	\$ 44.44	\$ 44.44	\$ 955.56	\$ 955.56	4.44%
890-880-10-649-10	Professional Development	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-669-10	Misc. Expense-General	\$ 500.00	\$ 21.39	\$ 308.90	\$ 191.10	\$ 191.10	61.78%
E03	Commodities	\$ 3,000.00	\$ 65.83	\$ 451.67	\$ 2,548.33	\$ 2,548.33	15.06%
880	URA - General Agency	\$ 64,000.00	\$ 4,103.05	\$ 52,673.44	\$ 11,326.56	\$ 11,326.56	82.30%
890	Urban Renewal Agency						
890-890-10-642-10	Professional Services-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-642-12	Land Sale Expense-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-644-10	Marketing Expense-Alturas	\$ 4,000.00	\$ -	\$ 73.12	\$ 3,926.88	\$ 3,926.88	1.83%
E02	Contractual	\$ 4,000.00	\$ -	\$ 73.12	\$ 3,926.88	\$ 3,926.88	1.83%
890-890-10-647-10	Travel & Meetings-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-658-10	Repairs & Maintenance	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0.00%
890-890-10-669-10	Misc. Expense-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E03	Commodities	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0.00%

General Ledger Exp to Bud

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Period 01 - 11

Fiscal Year 2017

August 2017



Account Number	Description	Budget	Period Amount	End Bal	Variance	Avail/Uncollect	% Collected
890-890-10-770-73 E04	Improvements-Alturas Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-800-00 E20	Termination Plan Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-890-10-699-74 E81	Depreciation Expense Amortization Expense Depreciation & Amortization	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	\$ - \$ - \$ -	0.00% 0.00% 0.00%
890-890-10-900-01 E90	Contingency - Alturas Contingency	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	\$ - \$ -	0.00% 0.00%
890	Urban Renewal Agency	\$ 9,000.00	\$ -	\$ 73.12	\$ 8,926.88	\$ 8,926.88	0.81%
895	URA - Legacy Crossing						
890-895-10-642-10	Professional Services-Legacy	\$ 10,000.00	\$ 2,587.50	\$ 7,050.50	\$ 2,949.50	\$ 2,949.50	70.51%
890-895-10-642-12	Land Sale Expense-Legacy	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	0.00%
890-895-10-644-10 E02	Marketing Expense-Legacy Contractual	\$ 2,000.00 \$ 22,000.00	\$ - \$ 2,587.50	\$ - \$ 7,050.50	\$ 2,000.00 \$ 14,949.50	\$ 2,000.00 \$ 14,949.50	0.00% 32.05%
890-895-10-647-10	Travel & Meetings-Legacy	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-895-10-652-10	Heat, Lights & Utilities	\$ 2,000.00	\$ 419.02	\$ 2,606.98	\$ (606.98)	\$ (606.98)	130.35%
890-895-10-658-10	Repairs & Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-669-10	Misc. Expense-Legacy	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-895-10-675-00	Fiscal Agent Trustee fees	\$ 1,750.00	\$ 1,500.00	\$ 1,500.00	\$ 250.00	\$ 250.00	85.71%
890-895-10-676-15	Latah County Reimb. Agreement	\$ 2,000.00	\$ -	\$ 3,500.00	\$ (1,500.00)	\$ (1,500.00)	175.00%
890-895-10-676-17	Jackson St Owner Part. Agr.	\$ 8,300.00	\$ -	\$ 8,019.11	\$ 280.89	\$ 280.89	96.62%
890-895-10-676-20 E03	Agreement Cost Commodities	\$ 40.00 \$ 16,090.00	\$ - \$ 1,919.02	\$ 8.51 \$ 15,634.60	\$ 31.49 \$ 455.40	\$ 31.49 \$ 455.40	21.28% 97.17%

General Ledger Exp to Bud

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Period 01 - 11

Fiscal Year 2017

August 2017



Account Number	Description	Budget	Period Amount	End Bal	Variance	Avail/Uncollect	% Collected
890-895-10-770-35	1% Public Art	\$ 1,825.00	\$ -	\$ -	\$ 1,825.00	\$ 1,825.00	0.00%
890-895-10-770-71	Land-Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-770-73	Improvements-Legacy	\$ 500,000.00	\$ 2,378.50	\$ 86,736.77	\$ 413,263.23	\$ 413,263.23	17.35%
890-895-10-770-97	Infrastructure Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E04	Capital Outlay	\$ 501,825.00	\$ 2,378.50	\$ 86,736.77	\$ 415,088.23	\$ 415,088.23	17.28%
890-895-10-676-10	Bond Issuance Cost	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E05	Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-900-01	Contingency - Legacy	\$ 15,000.00	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	0.00%
E90	Contingency	\$ 15,000.00	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00	0.00%
895	URA - Legacy Crossing	\$ 554,915.00	\$ 6,885.02	\$ 109,421.87	\$ 445,493.13	\$ 445,493.13	19.72%
899	Dept						
890-899-11-790-01	Bond Principal - Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-899-11-791-01	Bond Interest-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-899-12-790-01	Bond Principal - Legacy	\$ 374,000.00	\$ 27,000.00	\$ 27,000.00	\$ 347,000.00	\$ 347,000.00	7.22%
890-899-12-791-01	Bond Interest - Legacy	\$ 17,286.00	\$ 7,238.87	\$ 14,535.52	\$ 2,750.48	\$ 2,750.48	84.09%
E05	Debt Service	\$ 391,286.00	\$ 34,238.87	\$ 41,535.52	\$ 349,750.48	\$ 349,750.48	10.62%
890-899-10-990-00	Ending Fund Bal Unassigned	\$ 56,461.00	\$ -	\$ -	\$ 56,461.00	\$ 56,461.00	0.00%
890-899-11-990-00	End Fund Bal Assigned-Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-899-11-990-01	End Fund Bal Res-Alturas	\$ 41,900.00	\$ -	\$ -	\$ 41,900.00	\$ 41,900.00	0.00%
890-899-12-990-00	End Fund Bal Assigned-Legacy	\$ 160,217.00	\$ -	\$ -	\$ 160,217.00	\$ 160,217.00	0.00%
890-899-12-990-01	End Fund Bal Res-Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E95	Ending Fund Balance	\$ 258,578.00	\$ -	\$ -	\$ 258,578.00	\$ 258,578.00	0.00%
899	Dept	\$ 649,864.00	\$ 34,238.87	\$ 41,535.52	\$ 608,328.48	\$ 608,328.48	6.39%
890	Moscow Urban Renewal Agency	\$ 1,277,779.00	\$ 45,226.94	\$ 203,703.95	\$ 1,074,075.05	\$ 1,074,075.05	15.94%

General Revenue

User: jspellman

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Period 01 - 11

Fiscal Year 2017

August 2017



Account Number	Description	Budgeted Revenue	Period Revenue	YTD Revenue	Variance	Uncollected Bal	% Avail/Uncollect	% Received
890	Moscow Urban Renewal Agency							
890-000-00-410-00	Property Taxes - Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
890-000-00-410-01	Property Taxes - Legacy	\$ 182,500.00	\$ 176,699.17	\$ 176,699.17	\$ 5,800.83	\$ 5,800.83	3%	97%
890-000-00-431-11	EPA Clean-up Grant - Legacy	\$ -	\$ 14,723.72	\$ 14,723.72	\$ (14,723.72)	\$ (14,723.72)	0%	0%
890-000-00-471-00	Investment Earnings	\$ 1,000.00	\$ 3,576.64	\$ 3,576.64	\$ (2,576.64)	\$ (2,576.64)	-258%	358%
890-000-00-478-10	Sale of Land - Alturas	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
890-000-00-478-11	Sale of Land - Legacy	\$ 500,000.00	\$ -	\$ -	\$ 500,000.00	\$ 500,000.00	100%	0%
890	Moscow Urban Renewal Agency	\$ 683,500.00	\$ 194,999.53	\$ 194,999.53	\$ 488,500.47	\$ 488,500.47	71%	29%
Revenue Total		\$ 683,500.00	\$ 194,999.53	\$ 194,999.53	\$ 488,500.47	\$ 488,500.47	71%	29%

**CITY OF MOSCOW AND
URBAN RENEWAL AGENCY**

AUDIT PROPOSALS

PRESNELL GAGE, PLLC
Accounting & Consulting

MITCHELL J. MARX, PARTNER

1216 Idaho Street
Lewiston, Idaho 83501

(208) 746-8281
mmarx@presnellgage.com

June 13, 2017

**CITY OF MOSCOW &
URBAN RENEWAL AGENCY**

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(208) 882-2211

Fax: (208) 883-3808

June 13, 2017

Sarah Banks
City of Moscow
PO Box 9203
Moscow, Idaho 83843

We are pleased to present our qualifications for performing the audits of the City of Moscow and the Urban Renewal Agency for the year ending September 30, 2017, with the option to perform the audits for each of the four subsequent fiscal years. We will perform the audits as required by Professional Standards.

Presnell Gage, PLLC is one of the largest CPA firms in the State of Idaho, with offices in Moscow, Pullman, Lewiston, Orofino, and Grangeville. Our extensive experience in auditing Idaho cities and other governmental entities makes us well qualified to perform your audits. We have been the auditors for the City of Moscow for the last 17 years and the Urban Renewal Agency for the last 16 years. Our managing audit team members have been with Presnell Gage, PLLC for 12 to 38 years and are committed public accounting professionals. The experience and maturity of our staff will provide the framework to assist the City with meaningful management service projects. Few CPA firms can provide this continuity and expertise.

This proposal is a firm and irrevocable offer for the fiscal year 2017. We agree to follow the time line established by the Audit Committee.

We are looking forward to continuing to serve you and believe we can provide you with high quality professional service. We would be available for an oral presentation at your convenience. If you have any questions, please contact Mitchell Marx.

PRESNELL GAGE PLLC

Presnell Gage, PLLC

SCOPE OF SERVICES

Financial Statements

We will audit the general purpose financial statements of the City of Moscow and the Urban Renewal Agency for the fiscal year ending September 30, 2017 and the subsequent four fiscal years that are optional.

The objective of our audits will be the expression of an unmodified opinion on the general purpose financial statements, but our ability to express an opinion, and the wording of our opinion, will be dependent upon the facts and circumstances at the date of our report. If our opinion is other than unmodified, the reasons will be fully disclosed.

We will assist in the preparation of and will review the City's CAFR that will be in compliance with the standards established for the Government Finance Officers Association Certificate of Achievement. Our firm assists in the preparation of CAFRs for two cities and, therefore, has experience in this area.

Federal Single Audit Requirements

We will audit the general purpose financial statements of the City and report on the Schedule of Expenditures of Federal Awards in relation to the general purpose financial statements taken as a whole.

We will report on our understanding of the City's internal control structure and the assessment of control risk made as part of the financial statement audit as required under the *Government Auditing Standards* issued by the Comptroller General of the United State.

We will report on the internal control (accounting and administrative) systems used in administering federal financial assistance programs as required by the new Uniform Guidance.

Management Letters

It is the policy of our firm to provide comprehensive management letters or exit conferences in conjunction with all major financial statement engagements. These letters or conferences are designed to suggest improvements in accounting control, accounting policies and procedures, managerial practices, operational efficiency and other matters which will contribute to the overall operating abilities of our clients.

We anticipate continuing to meet with the administration, the Audit Committee, and other Council, or Board members, as requested, to discuss these items.

AUDITING STANDARDS

Formal Auditing Standards

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America as set forth by the American Institute of Certified Public Accountants, the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*, and the Standards set forth in the *Government Auditing Standards* issued by the Comptroller General of the United States.

Continuing Professional Education

Presnell Gage, PLLC assures that all of our staff obtain at least 80 hours of continuing professional education (CPE) within a two-year period, with a minimum of 30 hours in one year. In addition, we assure that all professional staff are in compliance with the CPE requirements detailed in the *Government Auditing Standards*. These continuing education programs cover topics that address the special needs of our clients, our staff, and our firm as a whole. The formal training of staff to be assigned to the City's and the Agency's audits is documented in an appendix to this proposal.

Peer Review

A copy of our latest report issued by CPA Consulting, Inc., P.S., and performed using the standards established by the Peer Review Board of the AICPA is enclosed in an appendix for your review. These standards require that at least one governmental audit be reviewed. In fact, the reviewers selected two governmental audits.

PROPOSAL REQUIREMENTS

Independence

Presnell Gage, PLLC affirms that the firm is independent of the City and Agency as defined by auditing standards generally accepted in the United States of America, the U.S. General Accounting Office's *Government Auditing Standards*, and the *Code of Professional Conduct*.

Furthermore, Presnell Gage, PLLC has no conflict of interest with regard to any other work performed by the firm for the City of Moscow or the Urban Renewal Agency.

License to Practice in Idaho

Presnell Gage, PLLC affirms that all members and all assigned key professional staff are properly licensed to practice in the State of Idaho. The firm does employ certain accountants who are in the process of obtaining their licenses as Certified Public Accountants.

Firm Qualifications and Experience

Size of Firm

Presnell Gage, PLLC is an all-Idaho, regional firm established in Lewiston, Idaho in 1950. It has grown into one of the largest CPA firms in Idaho and has offices in Lewiston, Moscow, Pullman, Orofino, and Grangeville. The audits of the City of Moscow and Urban Renewal Agency will be managed by our Lewiston and Moscow offices. The following presents a recap of the total personnel in our firm (these two offices only):

<u>Personnel</u>	<u>Lewiston</u>	<u>Moscow</u>	<u>Total</u>
Partners	5	4	9
Managers	1	1	2
Supervisors	2	1	3
Seniors	1		1
Other professional staff	<u>5</u>	<u>4</u>	<u>9</u>
	14	10	24
Support staff	<u>8</u>	<u>5</u>	<u>13</u>
	<u>22</u>	<u>15</u>	<u>37</u>

Our governmental audit team in the Moscow and Lewiston offices and the anticipated staffing for your audits is composed of the following:

<u>Audit Team</u>	<u>Governmental Audit Team</u>	<u>Proposed Staffing</u>
Partners	4	3
Managers	1	
Supervisors	1	
Other professional staff	<u>6</u>	<u>2</u>
	<u>11</u>	<u>5</u>

All proposed staffing in this engagement is expected to be employed on a full-time basis.

External Quality Control Review

Presnell Gage, PLLC is a leader in the AICPA Peer Review Program. The *Idaho Accountancy Act* requires that we have a peer review every three years. Presnell Gage, PLLC had the first peer review conducted in the United States under this program and has had 12 subsequent reviews, all of which have resulted in pass ratings. The last six peer reviews included specific government engagements as required by professional standards. A copy of our latest report issued by our peer reviewer is enclosed for your review.

State Desk Reviews

Most of the audits that we perform for governments are reviewed by the State Legislative Auditor. All audits were accepted as filed.

Disciplinary Actions

Presnell Gage, PLLC has not had any disciplinary action taken against the firm in the last three years. Presnell Gage, PLLC is not aware of any pending actions against the firm at this time.

Partner, Supervisory and Staff Qualifications and Experience

Our firm has a Governmental Audit Team comprised of individuals from our Moscow and Lewiston offices. This team is charged with the responsibility of handling all audits of governmental units. Governmental units have audit and reporting requirements that are unique and specialized. By utilizing the same group of professionals on these audits, we are able to offer the individual entities an audit team that has a working knowledge of these special requirements.

The team members selected for your audits are listed below. Details of continuing professional education are listed in the appendices.

Mitchell J. Marx, Engagement Partner

Mr. Marx has been engaged in public accounting since 1983 and has been with Presnell Gage, PLLC, since 200. Mr. Marx is licensed to practice as a Certified Public Accountant in the State of Idaho. He has extensive experience in audits of governmental and non-profit entities, including cities, school districts and federal grantees. He has received specialized training in federal single audit requirements. He is a member of the American Institute of CPAs and the Idaho Society of CPAs. Mr. Marx will serve as the partner-in-charge of your audits and will be responsible for the planning, supervision, and review of your audits.

Nick Nicholson, Engagement Partner

Mr. Nicholson has been engaged in public accounting since 2005 when he came to work for Presnell Gage, PLLC. Mr. Nicholson is licensed to practice as a Certified Public Accountant in the State of Idaho. He has been an active participant in the audits of cities as well as other governmental entities for the past 12 years. He is a member of the Idaho Society of CPAs. Mr. Nicholson has been a member of the City of Moscow audit team for the last 12 years. Mr. Nicholson will serve as the audit partner of your audits.

Scott J. Dockins, Review Partner

Mr. Dockins has been engaged in public accounting since 1979 with Presnell Gage, PLLC. Mr. Dockins is licensed to practice as a Certified Public Accountant in the State of Idaho. His areas of auditing experience include school districts, municipalities, water and sewer districts, financial institutions, electric utilities, and lumber mills. He is a member of the American Institute of CPAs and the Idaho Society of CPAs. He is a qualified peer reviewer who has conducted over 70 reviews on CPA firms throughout the western United States. Mr. Dockins will provide final technical and quality review of the results of the audits.

Staff Accountants

Staff accountants will be chosen from the governmental audit team to the extent necessary. All staff accountants are in the process of obtaining their certification and licensing.

All clients of our firm for whom financial review or audit services are provided have a partner and supervisor assigned to their account. This team approach provides our clients with an assurance of accessibility to our firm and continuity of service. We will continue to provide a level of staff continuity to your organizations that will prove to be very satisfactory.

Similar Engagements with Other Government Entities

We have performed the audits for the City of Moscow and the Urban Renewal Agency since September 30, 2000. Other similar engagements are:

City of Lewiston

Report issued: Comprehensive Annual Financial Report

Dates performed: 1963-2016

Engagement partner: Mitchell J. Marx, CPA

Principal client contact: Dan Marsh, Finance Director, (208) 746-3671

Federal single audit performed: yes

City of Orofino

Report issued: Independent Audit

Dates performed: 1965-2016

Engagement partner: Mitchell J. Marx, CPA

Principal client contact: Rick Laam, City Administrator, (208) 476-4725

Federal single audit performed: yes

Plummer/Worley Joint School District No. 44

Report issued: Independent Audit

Dates performed: 1988-2016

Engagement partner: Mitchell J. Marx, CPA

Principal client contact: Marcia Hoffman, (208) 686-1211

Federal single audit performed: yes

City of Potlatch

Report issued: Independent Audit

Dates performed: 1998-2016

Engagement partner: Scott J. Dockins, CPA

Principal client contact: Dave Brown, Mayor, (208) 875-0708

Federal single audit performed: As required

Specific Audit Approach

City Personnel Assistance

We would expect the City personnel to prepare agreed-upon schedules and other data. Our audit approach will be designed to perform in the most efficient manner by allowing the City to perform the accounting procedures and allowing our personnel to perform auditing procedures.

We will assist in the preparation of all financial statements, auditor's reports, and schedules that must be included in the general purpose financial statements. City personnel will prepare additional schedules required for the CAFR.

General Financial Audit

Our general financial audit approach may be divided into four phases which, although distinct in the items they cover, may overlap and should be considered as an ongoing process. Results of subsequent phases may require the auditor to reassess the decisions arrived at in the prior phase and may necessitate changes in the approach to the audit.

A brief summary of the phases follows:

Phase I – Our initial audit objective is to gain an understanding of the City's accounting environment, the internal control structure, and the accounting system. This understanding will be obtained by review of system documentation, interviews with City personnel, and review of information prepared by City personnel.

During this phase, we will also draw upon our experience as auditors for this and other Idaho cities to consider the types of problems or adjustments that we may encounter.

Phase II – The second phase of our audit will include designing an audit program based upon the audit committee's and our expectations. This phase will include testing the City's accounting procedures and assessing the degree of reliance we can place on those systems. As noted under Phase III, we believe that some of the revenue and expenditure tests are most efficiently completed by corresponding with State and County officials to verify the completeness of City revenues and expenditures.

We generally use nonstatistical sampling methods as outlined in accounting standards because the sampling procedure is only one of the audit procedures performed on an account balance or a class of transactions. If we were placing sole reliance on the sampling procedure, we would use statistical sampling procedures. We use sample sizes as outlined in accounting standards and generally use a random number selection process, although in some situations a systematic sampling method is more appropriate. Sampling tests will be performed in testing the City's internal control structure and also in compliance testing for the Single Audit requirements.

Phase III – The third phase of our audit involves the year-end testing of account balances. For the City of Moscow and the Urban Renewal Agency, these procedures will include correspondence with the State and County officials as a cost effective method of testing the City's financial statements as well as our procedures to test internal accounting records.

Phase IV – The fourth phase is preparation and publishing of the statements, the management letter, if necessary, along with meetings with City and URA personnel.

Staffing and Hours by Phase

Phase I procedures will be performed by the engagement partner and the in-charge supervisor. This phase should take approximately 40 hours. Designing the audit program in Phase II will again be done by the engagement partner and the in-charge supervisor. The bulk of the testing will be performed by the in-charge supervisor and the staff accountants. This phase should take approximately 50 hours. Phase III procedures will be performed mainly by the in-charge supervisor and staff accountants with supervision by the engagement partner as required. This phase should take approximately 150 hours. Phase IV procedures will be performed mainly by the in-charge supervisor and staff accountants with supervision by the engagement partner as required. This phase should take approximately 70 hours.

Use of Analytical Procedures

We make extensive use of analytical procedures during the audit. These procedures include comparisons to prior years, comparisons to budget, certain ratio and cost analysis, and analysis of client-specific relationships and their reasonableness.

Use of EDP Software

We utilize “ProSystems” audit software for our own workpapers and analysis and do not use any software that interacts directly with the City’s EDP system. However, we do request final trial balances in Microsoft Excel format if possible. Our approach on this engagement would be to audit around the EDP system rather than through it. Our use of the Pro-Systems software allows us to be more efficient in our audit as well as provide detailed trial balances and proposed adjustments to the City staff for their review and approval.

Determining Applicable Laws and Regulations

We will determine the laws and regulations that are subject to audit test work through our knowledge of Idaho cities, research of program documentation, and inquiry of City personnel.

Identification of Anticipated Potential Audit Problems

Based on preliminary discussions with the Finance Director and our knowledge of the controls in place at the City and the Agency, we do not anticipate any audit problems requiring extended assistance from your personnel. Of course, this may change during the audit process. If such an event should occur, we would contact you or the audit committee prior to performing any additional services.

Cost Proposals

Our proposed fees for the fiscal years ending September 30, 2017-21 are presented below. These fees are “total, all-inclusive, maximum prices” and will not increase as long as there is no significant decline in City and Agency participation where a corresponding increase in outside accounting assistance is required. Any decline in client participation will be discussed with the Finance Director prior to incurring additional accounting fees.

	<u>CITY</u>	<u>URA</u>
2017 audit and report	\$29,200	\$4,800
2018 audit and report	29,400	4,900
2019 audit and report	29,600	5,000
2020 audit and report	29,800	5,100
2021 audit and report	30,000	5,200

The requested Cost Proposal Form is in the appendices.

Rates for Additional Professional Services

Additional professional services will be billed using the following schedule:

Partners	Cost per hour -	\$170 - 220
Managers	Cost per hour -	160
Supervisor	Cost per hour -	105
Seniors	Cost per hour	90



July 24, 2014

To The Shareholders of Presnell Gage, PLLC
and the Peer Review Committee of the
Idaho Society of CPAs

System Review Report

We have reviewed the system of quality control for the accounting and auditing practice of Presnell Gage, PLLC (the firm) in effect for the year ended March 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and an audit of an employee benefit plan.

In our opinion, the system of quality control for the accounting and auditing practice of Presnell Gage, PLLC in effect for the year ended March 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Presnell Gage, PLLC has received a peer review rating of *Pass*.

CPA Consulting Inc PS

CPA Consulting, Inc., P.S.
Certified Public Accountants

CITY OF MOSCOW AND URBAN RENEWAL AGENCY

**AUDIT PROPOSAL
CONTINUING PROFESSIONAL EDUCATION**

	<u>Date of Seminar</u>	<u>Hours</u>
Mitchell J. Marx		
2016 GAQC Annual Update	4/19/16	2
Governmental & Not-for-Profit Annual Update	6/16/16	8
Advanced Topics in Single Audit	6/17/16	8
Engagements Under Governmental Auditing Standards	8/8/16	4
Federal Awards: Changes under the Revised Uniform Grant Guidance	4/24/15	2
GAQC 2015 Annual Update	4/28/15	2
Audits of State and Local Governments	5/20/15	2
Engagements Under Government Auditing Standards	8/2/15	4
GAQC 2014 Annual Update	4/29/14	2
Engagements Under Government Auditing Standards	8/3/14	4
Testing and Documenting Internal Control Over Compliance in a Single Audit	8/8/14	2
Advanced OMB Circular A-133 Issues	9/25/14	8
Studies on Single Audit & Yellow Book Deficiencies	9/26/14	8
Nick Nicholson		
Governmental & Not-for-Profit Annual Update	6/16/16	8
Advanced Topics in a Single Audit	6/17/16	8
Audits of State and Local Governments	12/12/16	8
Federal Awards: Changes Under the Revised Uniform Grant Guidance	4/24/15	2
GAQC 2015 Annual Update	4/28/15	2
Audits of State and Local Governments	5/20/15	2
Annual Update: Top Governmental and Non-for-Profit A & A	6/23/15	8
Audits of State and Local Governments: What You Need to Know	6/24/15	8

CITY OF MOSCOW AND URBAN RENEWAL AGENCY

**AUDIT PROPOSAL
CONTINUING PROFESSIONAL EDUCATION (CONTINUED)**

	<u>Date of Seminar</u>	<u>Hours</u>
Nick Nicholson (continued)		
Annual Governmental GAAP Update	12/3/15	4
Advanced OMB Circular A-133 Issues	9/25/14	8
Studies on Single Audit & Yellow Book Deficiencies	9/26/14	8
Scott J. Dockins		
Peer Review Industry Update: Governmental -GAS	5/18/16	2
Advanced Topics in a Single Audit	6/17/16	8
2016 GAQC Annual Update	7/15/16	2
Peer Rev. Conf – Government Auditing Stds	8/8/16	4
GAQC 2015 Annual Update	4/28/15	2
Advanced OMB Circular A-133 Issues	9/25/14	8
Engagements under GAS	8/3/14	4

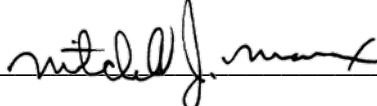
CITY OF MOSCOW AND URBAN RENEWAL AGENCY

ATTACHMENT TO THE PROPOSAL

**SCHEDULE OF PROFESSIONAL FEES
ALL SERVICES**

<u>Year of Service to be Provided</u>	<u>City Total Price</u>	<u>URA Total Price</u>
Audit Services 2016/2017	\$29,200	\$4,800
Audit Services 2017/2018	29,400	4,900
Audit Services 2018/2019	29,600	5,000
Audit Services 2019/2020	29,800	5,100
Audit Services 2020/2021	30,000	5,200

The proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: _____

Name of Official: Mitchell J. Marx

Title: Certified Public Accountant, Partner

Firm: Presnell-Gage, PLLC

Address: 1216 Idaho Street, Lewiston, ID 83501

Email: mmarx@presnellgage.com

Firm Home Page Address: www.presnellgage.com

Date: June 13, 2017