



Meeting Agenda: Thursday, March 21, 2019, 7:00 a.m.

City of Moscow Council Chambers • 206 E 3rd Street • Moscow, ID 83843
(A) = Board Action Item

1. **Consent Agenda (A)**- Any item will be removed from the consent agenda at the request of any member of the Board and that item will be considered separately later.
 - A. Minutes from March 7, 2019
 - B. February 2019 Payables
 - C. February 2019 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. **Agency FY2018 Audit Presentation – Brittany Gunderson**
The draft 2018 MURA audit is attached and will be presented by MURA Treasurer Brittany Gunderson and the auditors, Presnell Gage PLLC.

ACTION: Receive report and accept the 2018 MURA audit; or take such other action deemed appropriate.

4. **2018 MURA Annual Report – Bill Belknap**
In Accordance with State Statute, all urban renewal agencies are required to file an annual report describing the activities of the agency for the preceding year with the local governing body by March 31st of each year. Agencies are required to hold a public meeting to report the findings of the annual report and to take comments from the public prior to filing the report with the governing body. Staff has prepared the 2018 Annual Report which has been available for public review since March 9th. The Board is now considering the annual report and providing an opportunity to accept any public comment. After approval of the Annual Report it will be transmitted to the City Council.

ACTION: Approve the 2018 Annual Report; or take other action as deemed appropriate.

5. **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 TIDD 883-7019, as soon as possible so that arrangements may be made.



Meeting Minutes: March 7, 2019, 7:00 a.m.

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

Commissioners Present	Commissioners Absent	Also in Attendance
Steve McGeehan, Chair	Trent Bice	Bill Belknap, Executive Director
Art Bettge	Steve Drown	Anne Peterson, Clerk
Dave McGraw		Brittany Gunderson, Treasurer
Ron Smith		
Brandy Sullivan		

McGeehan called the meeting to order at 7:03 a.m.

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

A. Minutes from February 21 2019

Bettge moved approval, seconded by Smith. Motion carried.

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

Garrett Thompson, 212 College Street, obtained the Chair's permission to comment on current agenda items. On behalf of Crites Seed he applauded Rusty Olps' selection for the 6th & Jackson Street, and added that it is a good time for MURA to reach out to Crites for continuing discussions regarding the extension of Hello Walk through their current location. He also thanked the Agency for its willingness to partner with Thompson Family LTD on frontage improvements for the Almon & A Street project.

- Exclusive Negotiation Agreement with Roderick Olps for Sixth and Jackson Property (A) – Bill Belknap**

On September 8, 2018, the Agency published a request for proposals for the disposition and development of the portions of the Sixth and Jackson property that would remain after the development of Hello Walk. Three proposals were received by the submission deadline of December 21, 2018 and one was withdrawn thereafter. The Board received presentations of the two remaining proposals, asked questions of the respondents, and accepted public comment at the Board's on February 7, 2019 meeting. At the Board's February 21 meeting, the Board selected the proposal from Roderick Olps and directed staff to prepare the Exclusive Negotiation Agreement (ENA) between Mr. Olps and the Agency. The ENA is now before the Board for review and approval.

ACTION: Approve the proposed Exclusive Negotiation Agreement with Roderick Olps, or take other action as deemed appropriate.

Belknap said the ENA document was the standard agreement to negotiate the project and determine the fair use value, includes a schedule of performance, and will ultimately lead to the Disposition and Development Agreement for the project which is scheduled for approval no later than November 7, 2019. Smith moved approval of the ENA; Bettge seconded the motion. Sullivan asked what happens if deadlines aren't met and Belknap reminded the Board it would be to their discretion. McGeehan asked

how much of parking considerations can be negotiated. Belknap said anything is open for negotiation and upon the Agency's directive he would be pleased to work with the developer on providing whatever additional parking the Agency would like to see above and beyond City Code requirements. Olps already understands the parking pressures and willingly offered additional options during his presentation. Sullivan said that Olps' ability to provide more parking definitely swayed her decision. Bettge agreed. Sullivan's preference is for the parking lot to be designated solely for resident parking. Motion carried unanimously.

4. 103 N. Almon Street Development Participation Agreement (A) – Bill Belknap

Noel Blum recently purchased the prior Dumas Seed Warehouse property with the intent of developing the site. The remaining brick powerhouse building was separated from the main property and sold to Mr. Garrett Thompson with the intent of preserving and repurposing the existing building. Mr. Blum will begin development of his property this spring. There are several public improvements surrounding the site that Staff is proposing the Agency partner with Mr. Blum, Mr. Thompson, and the City. These improvements include the construction of a pedestrian pathway, participation in frontage improvements for the Thompson frontage, and reconstruction of Almon Street from 3rd Street to A Street, and First Street from Almon to Jackson. Two of these public improvements (Almon Street and the pathway) are already contained within the Agency's five-year capital improvement plan. Staff is seeking Board approval of the development participation agreement with Mr. Blum to document the Agency's financial participation.

ACTION: *Approve the proposed development participation agreement, or take other action as deemed appropriate.*

Belknap reviewed the partner projects proposed for Almon, A Street, and First Street, and briefly discussed the nearby street improvements desperately needed on Almon to Third Street. Eh expenditures were anticipated within the Agency's 5-year capital improvement plan and would total \$55,646 for a portion of the public path and half of the frontage improvements and a turn lane along Thompson's A Street frontage. In addition, \$36,000 for pathway lighting has been proposed to be shared with the City. Bettge asked about directionality of Almon Street and Belknap said the Transportation Commission has already recommended that upon completion of roadway improvements, Almon Street will change to two-way traffic from A Street to First Street. McGraw reiterated the County's excitement about roadway improvements to Almon Street. Bettge moved approval of the Development Participation Agreement and its associated Resolution. Sullivan seconded the motion which carried unanimously.

5. FY2020 MURA Budget Hearing Date Determination – Bill Belknap

In accordance with state law, the Agency must notify the County Clerk's office of the date of the Agency's public hearing upon the Agency's FY2020 budget by no later than April 30th. Staff is proposing that the Agency set the hearing date for Thursday, August 15, 2019, which will allow adequate time for the budget development and review process. Staff is seeking Board approval to set the hearing for 7:00 AM on Thursday, August 15, 2019.

ACTION: *Set the FY2020 Budget hearing for August 15, 2019, or take such other action deemed appropriate.*

Sullivan moved to set the budget hearing date for August 15, 2019, seconded by Smith. Motion carried unanimously.

6. General Agency Updates – Bill Belknap

- General Agency Business
 - Belknap reported on HB217 which would redefine “municipal building” and also require a public vote of 55% for any increment revenue contributions to municipal buildings or multipurpose sports stadium complexes. A vote is anticipated in the full House as early as next Monday. McGraw expressed frustration that the Legislature continues to lobby against urban renewal agency activities. Board members agreed that most Legislative efforts are “shotgun” responses to individual, local problems.
 - MURA Annual Report will be available for public review by this weekend and is scheduled to be considered by the Board at the March 21 meeting.
 - The FY2018 audit presentation will also be on March 21.
 - Smith announced he will be moving to Lewiston in May so will be required to submit his resignation. Board members were in full agreement that his contributions and financial prowess would be missed. Belknap encouraged Board members to forward to the Mayor any replacement suggestions they might have.
- Legacy Crossing District
 - Annual groundwater sampling on 6th & Jackson lot shows that concentrations are now in compliance. Consultants and DEQ have agreed the groundwater pumping should cease to assess potential concentration rebounds. Quarterly sampling will create about \$5,000 in professional services expense which has already been budgeted.
- Alturas District
 - Belknap said the submission date for development plans on the Needham ENA is next week.

The meeting adjourned at 7:50 AM.

Steve McGeehan, Agency Chair

Date



Balance Sheet
February 28, 2019

	Total Funds
ASSETS	
Cash	11,179
Investments - LGIP	494,101
Investments-Zions Debt Reserve	44,437
Other Assets	5,260
Land Held For Resale	531,256
Land	679,420
Total Assets	\$ 1,765,653
LIABILITIES	
Deposits Payable	10,000
Series 2010 Bond - due within one year	29,000
Latah County payback agreement - due within one year	3,500
Series 2010 Bond - due after one year	290,000
Latah County payback agreement - due after one year	98,037
Total Liabilities	430,537
FUND BALANCES	
Net Investment in Capital Assets	376,732
Restricted Fund Balance	44,312
Unrestricted Fund Balance	757,939
Total Fund Balance	1,178,983
Retained Earnings:	156,133
Total Fund Balance and Retained Earnings:	1,335,116
Total Liabilities, Fund Balance and Retained Earnings:	\$1,765,653

February-19
Checks by Date



Check Number	Vendor	Description	Check Date	Check Amount
4606	UMOSPULD	News Review Publishing Co.	2/1/2019	
	148853	RFP notice for Alturas parcels, published 12/8/2018		119.92
Total for Check Number 4606:				119.92
4607	UROSAUER	Rosauers	2/1/2019	
	01-1253307	Meeting Materials		10.48
Total for Check Number 4607:				10.48
4608	UAVISTA	Avista	2/11/2019	
	Jan2019	6th and Jackson Service		13.39
Total for Check Number 4608:				13.39
4609	UROSAUER	Rosauers	2/11/2019	
	10-1937341	Meeting Materials		10.89
	10-1937693	Credit for returned item		(1.51)
Total for Check Number 4609:				9.38
4610	U409SJack	109 S. Jackson LLC	2/20/2019	
	Feb. 2019	OPA payment: 409 S. Jackson LLC		8,876.43
Total for Check Number 4610:				8,876.43
4611	UANDERCL	Clayton Anderson	2/20/2019	
	Feb. 2019	OPA payment: Clayton B. Anderson		481.64
Total for Check Number 4611:				481.64

February-19
Checks by Date



Check Number	Vendor	Description	Check Date	Check Amount
4612	UCITYMOS	City of Moscow	2/20/2019	
	4716461	City admin Services		4,097.75
	Jan. 2019	City Utilities		214.90
Total for Check Number 4612:				<u>4,312.65</u>
4613	UBINGHAM	Darold Bingham Living Trust	2/20/2019	
	Feb. 2019	OPA payment: Darold Bingham Living Trust		1,560.29
Total for Check Number 4613:				<u>1,560.29</u>
4614	UELABUR	Elam & Burke	2/20/2019	
	177640	Legal fees re: 6th & Jackson public records request		122.50
Total for Check Number 4614:				<u>122.50</u>
4615	UGRITMAN	Gritman Medical Park LLC	2/20/2019	
	Feb. 2019	OPA payment: Gritman Medical Park LLC		3,704.39
Total for Check Number 4615:				<u>3,704.39</u>
4616	USWANGER	Larry Swanger	2/20/2019	
	Feb. 2019	OPA payment: Larry Swanger		1,700.16
Total for Check Number 4616:				<u>1,700.16</u>
ACH	ACH	Zions Bank	2/22/2019	
	Feb. 2019	Bond Interest Payment		5,555.44
Total ACH to Zions Bank:				<u>5,555.44</u>
Total bills for February 2019:				<u><u>\$ 26,466.67</u></u>

February-19
Accounts Payable Checks for Approval



Check	Check Date	Fund Name	Vendor	Void	Amount
4606	02/01/2019	Moscow Urban Renewal Agency	News Review Publishing Co.	-	119.92
4607	02/01/2019	Moscow Urban Renewal Agency	Rosauers	-	10.48
4608	02/11/2019	Moscow Urban Renewal Agency	Avista	-	13.39
4609	02/11/2019	Moscow Urban Renewal Agency	Rosauers	-	9.38
4610	02/20/2019	Moscow Urban Renewal Agency	409 S. Jackson LLC	-	8,876.43
4611	02/20/2019	Moscow Urban Renewal Agency	Clayton Anderson	-	481.64
4612	02/20/2019	Moscow Urban Renewal Agency	City of Moscow	-	4,312.65
4613	02/20/2019	Moscow Urban Renewal Agency	Darold Bingham Living Trust	-	1,560.29
4614	02/20/2019	Moscow Urban Renewal Agency	Elam & Burke	-	122.50
4615	02/20/2019	Moscow Urban Renewal Agency	Gritman Medical Park, LLC	-	3,704.39
4616	02/20/2019	Moscow Urban Renewal Agency	Larry Swanger	-	1,700.16
ACH	02/22/2019	Moscow Urban Renewal Agency	Zions bank	-	5,555.44
Report Total:				<u>\$ -</u>	<u>26,466.67</u>

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

Brittany Gunderson, Treasurer

General Ledger
Revenue Analysis

February 2019



Account Number	Description	Budgeted Revenue	Period Revenue	YTD Revenue	Variance	Uncollected Bal	% Avail/Uncollec	% Received
890	Moscow Urban Renewal Agency							
890-000-00-410-01	Property Taxes - Legacy	\$ 325,000.00	\$ 4,763.82	\$ 202,908.54	\$ 122,091.46	\$ 122,091.46	37.57%	62.43%
890-000-00-431-11	EPA Clean-up Grant - Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%
890-000-00-471-00	Investment Earnings	\$ 1,500.00	\$ 764.50	\$ 2,752.05	\$ (1,252.05)	\$ (1,252.05)	-83.47%	183.47%
890-000-00-478-10	Sale of Land - Alturas	\$ 135,210.00	\$ -	\$ -	\$ 135,210.00	\$ 135,210.00	100.00%	0.00%
890-000-00-478-11	Sale of Land - Legacy	\$ 150,000.00	\$ -	\$ -	\$ 150,000.00	\$ 150,000.00	100.00%	0.00%
890	Moscow Urban Renewal Agency	\$ 611,710.00	\$ 5,528.32	\$ 205,660.59	\$ 406,049.41	\$ 406,049.41	66.38%	33.62%
Revenue Total		\$ 611,710.00	\$ 5,528.32	\$ 205,660.59	\$ 406,049.41	\$ 406,049.41	66.38%	33.62%

General Ledger
Expense vs. Budget

February-19



Sort Level	Description	Budget	Period Amt	End Bal	Variance	Avail/Uncollect	% Expend/Collect
890	Moscow Urban Renewal Agency						
880	URA - General Agency						
890-880-10-642-00	Administrative Services	\$ 49,173.00	\$ 4,097.75	\$ 20,488.75	\$ 28,684.25	\$ 28,684.25	41.67%
890-880-10-642-10	Professional Services-Exec Dir	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-880-10-642-15	Professional Services-Other	\$ 6,000.00	\$ -	\$ 850.00	\$ 5,150.00	\$ 5,150.00	14.17%
890-880-10-642-20	Professional Services-Auditing	\$ 5,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00	0.00%
890-880-10-642-30	Professional Services-Computer	\$ 1,000.00	\$ -	\$ 19.95	\$ 980.05	\$ 980.05	2.00%
890-880-10-644-10	Marketing Expense-General	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-644-16	Land Sale Expenses	\$ 10,210.00	\$ -	\$ -	\$ 10,210.00	\$ 10,210.00	0.00%
890-880-10-668-10	Liability Insurance-General	\$ 1,700.00	\$ -	\$ 1,582.00	\$ 118.00	\$ 118.00	93.06%
E02	Contractual	\$ 74,083.00	\$ 4,097.75	\$ 22,940.70	\$ 51,142.30	\$ 51,142.30	30.97%
890-880-10-631-10	Postage Expense	\$ 100.00	\$ -	\$ -	\$ 100.00	\$ 100.00	0.00%
890-880-10-631-20	Printing and Binding	\$ 400.00	\$ -	\$ -	\$ 400.00	\$ 400.00	0.00%
890-880-10-644-15	Alturas Marketing/Maintenance	\$ 3,500.00	\$ 119.92	\$ 119.92	\$ 3,380.08	\$ 3,380.08	3.43%
890-880-10-647-10	Travel & Meetings-General	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-649-10	Professional Development	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
890-880-10-669-10	Misc. Expense-General	\$ 500.00	\$ 19.86	\$ 52.78	\$ 447.22	\$ 447.22	10.56%
890-880-10-669-11	Dis. Of Net Prop. Sale Proceeds	\$ 125,000.00	\$ -	\$ -	\$ 125,000.00	\$ 125,000.00	0.00%
E03	Commodities	\$ 131,500.00	\$ 139.78	\$ 172.70	\$ 131,327.30	\$ 131,327.30	0.13%
880	URA - General Agency	\$ 205,583.00	\$ 4,237.53	\$ 23,113.40	\$ 182,469.60	\$ 182,469.60	11.24%

General Ledger
Expense vs. Budget

February-19



Sort Level	Description	Budget	Period Amt	End Bal	Variance	Avail/Uncollect	% Expend/Collect
895	URA - Legacy Crossing						
890-895-10-642-10	Professional Services-Legacy	\$ 25,000.00	\$ 337.40	\$ 337.40	\$ 24,662.60	\$ 24,662.60	1.35%
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	Marketing Expense-Legacy	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	0.00%
E02	Contractual	\$ 36,000.00	\$ 337.40	\$ 337.40	\$ 35,662.60	\$ 35,662.60	0.94%
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	\$ 1,800.00	\$ 13.39	\$ 698.26	\$ 1,101.74	\$ 1,101.74	38.79%
890-895-10-658-51	Development Participation	\$ 215,000.00	\$ -	\$ -	\$ 215,000.00	\$ 215,000.00	0.00%
890-895-10-669-10	Misc. Expense-Legacy	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ 500.00	0.00%
890-895-10-675-00	Fiscal Agent Trustee fees	\$ 1,800.00	\$ -	\$ -	\$ 1,800.00	\$ 1,800.00	0.00%
890-895-10-676-15	Latah County Reimb. Agreement	\$ 3,500.00	\$ -	\$ 3,500.00	\$ -	\$ -	100.00%
890-895-10-676-17	Owner Participation Agreements	\$ 86,367.00	\$ 16,322.91	\$ 16,322.91	\$ 70,044.09	\$ 70,044.09	18.90%
E03	Commodities	\$ 309,967.00	\$ 16,336.30	\$ 20,521.17	\$ 289,445.83	\$ 289,445.83	6.62%
890-895-10-770-35	1% Public Art	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-770-71	Land-Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-770-73	Improvements-Legacy	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
890-895-10-770-97	Infrastructure Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E04	Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%

General Ledger
Expense vs. Budget

February-19



Sort Level	Description	Budget	Period Amt	End Bal	Variance	Avail/Uncollect	% Expend/Collect
890-895-10-890-00	Transfer To: General Fund	\$ 58,950.00	\$ -	\$ -	\$ 58,950.00	\$ 58,950.00	0.00%
890-895-10-890-01	Transfer To: Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
E10	Transfers To	\$ 58,950.00	\$ -	\$ -	\$ 58,950.00	\$ 58,950.00	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	\$ 419,917.00	\$ 16,673.70	\$ 20,858.57	\$ 399,058.43	\$ 399,058.43	4.97%
899	Dept						
890-899-12-790-01	Bond Principal - Legacy	\$ 319,000.00	\$ -	\$ -	\$ 319,000.00	\$ 319,000.00	0.00%
890-899-12-791-01	Bond Interest - Legacy	\$ 14,590.00	\$ 5,555.44	\$ 5,555.44	\$ 9,034.56	\$ 9,034.56	38.08%
E05	Debt Service	\$ 333,590.00	\$ 5,555.44	\$ 5,555.44	\$ 328,034.56	\$ 328,034.56	1.67%
890-899-10-990-00	Ending Fund Bal Unassigned	\$ 25,290.00	\$ -	\$ -	\$ 25,290.00	\$ 25,290.00	0.00%
890-899-10-990-01	Ending Fund Balance Alturas	\$ 22,926.00	\$ -	\$ -	\$ 22,926.00	\$ 22,926.00	0.00%
890-899-12-990-00	End Fund Bal Assigned-Legacy	\$ 17,136.00	\$ -	\$ -	\$ 17,136.00	\$ 17,136.00	0.00%
890-899-12-990-01	End Fund Bal Res-Legacy	\$ 5,260.00	\$ -	\$ -	\$ 5,260.00	\$ 5,260.00	0.00%
E95	Ending Fund Balance	\$ 70,612.00	\$ -	\$ -	\$ 70,612.00	\$ 70,612.00	0.00%
899	Dept	\$ 404,202.00	\$ 5,555.44	\$ 5,555.44	\$ 398,646.56	\$ 398,646.56	1.37%
890	Moscow Urban Renewal Agency	\$ 1,029,702.00	\$ 26,466.67	\$ 49,527.41	\$ 980,174.59	\$ 980,174.59	4.81%



Moscow, Idaho

Financial Statements



For The Fiscal Year Ended
September, 30 2018

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

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

We are pleased to submit to you the *Audited Financial Statements for the Moscow Urban Renewal Agency* (hereafter "the Agency") for the fiscal year ended September 30, 2018.

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

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

The Agency's financial statements have been audited by Presnell Gage, PLLC, a company of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the Agency's financial statements for the fiscal year ended September 30, 2018.

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

Profile of the Moscow Urban Renewal Agency

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

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

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Moscow is a city in northern Idaho, situated along the Washington/Idaho border. Moscow is the county seat and largest city in Latah County. Moscow is the home of the University of Idaho, the land grant institution and primary research university for the state, as well as the home of New Saint Andrews

College. Eight miles west is Pullman, Washington, home of Washington State University, also a land grant institution.

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

The 2017 population of the City was estimated at 25,146 (2017 US Census est.), which places it as the 13th largest city in Idaho. The unemployment rate (not seasonally adjusted) for Latah County for September 2017 was 2.2 percent.

Long-term Financial Planning

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

In February 2017, the Latah County Assessor released its report on the Agency's assessed valuation for fiscal year 2018 (tax year 2017). Total assessed valuation within the Legacy Crossing District increased by 3.1% percent. The Agency's tax increment revenue received in fiscal year 2018 was \$228,980, or about 2% of the total assessed valuation increase.

A tax increment calculation error occurred for the Legacy Crossing District. Following the 2012 property tax assessment process, Latah County notified the Agency that after a review of the assessment process, a tax increment calculation error had been made in the Legacy Crossing District, and the Agency had been allocated too much assessed value. It has been determined that the Agency received an overpayment of \$114,537 of property tax receipts over the previous three-year period. Pursuant to an agreement made between the Agency and Latah County, the overpayment will be repaid to Latah County on behalf of the effected taxing entities over a period beginning in FY2017 and ending in FY2029.

Major Fiscal Year Initiatives

Sixth and Jackson Property. The Agency owns a 0.84 acre property at the southwest corner of the intersection of Sixth and Jackson Streets in Moscow. The Agency's primary focus is the redevelopment of the property through completion of environmental assessment/remediation and facilitating the construction of improvements in conformance with the Legacy Crossing Plan. In May of 2013, the Agency was awarded an EPA Hazardous Substances Cleanup Grant to fund the removal of soils to allow the property to be redeveloped. The active cleanup construction was completed in the fall of 2016 and the Agency received the Certificate of Completion and Covenant Not to Sue from the State of Idaho Department of Environmental Quality in April 2017. In response to an RFP issued in the fall of 2014, Sangria Downtown LLC was selected as the successful respondent and in April of 2015 the Agency entered into an Exclusive Negotiation Agreement (ENA) with Sangria Downtown LLC. The goal of the ENA is to provide a process for negotiating a Disposition and Development Agreement (DDA) to formally document terms of transactions and responsibilities of the parties. The DDA was approved by the Agency's Board on October 26, 2017. In May of 2018 Sangria terminated the DDA due to increased construction costs that rendered their project infeasible. The Agency issued a second RFP in 2018 and on February 21, 2019 selected Moscow Flatirons project submitted by Roderick D. Olps for the property. It is expected that construction upon the property would begin in the fall of 2019 or spring of 2020.

Private Development Partnerships

The Agency's Board has partnered in over \$40 million in private development projects to assist in funding the cost of needed public infrastructure, environmental remediation and roadway and access improvements through Owner Participation Agreements (OPA). Through the OPA, the Agency reimburses the developer for identified public improvements from increased property taxes that result from the private investment. In fiscal year 2018, the agency paid \$66,253 in OPA developer reimbursements.

Contributions to Valuable Community Projects

The Agency contributed to several public projects in 2018, including a \$15,000 contribution to the Highway 8 Pedestrian/Bike Underpass Project, and a \$33,500 contribution to the Turnstone Flats Sidewalk Project.

Accounting System and Budget Control

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

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

Awards and Acknowledgements

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

Respectfully submitted,



Bill J. Belknap
Executive Director



Brittany Gunderson
Agency Treasurer

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section offers readers an overview and analysis of the fiscal year 2018 financial activities of the Moscow Urban Renewal Agency (hereafter "the Agency") of the City of Moscow, Idaho. It should be read in conjunction with the Agency's audited financial statements, which follow this section.

2018 FINANCIAL HIGHLIGHTS

- The Agency's total net position was \$1,178,983.
- The Agency's liabilities at September 30, 2018 were \$463,763.
- The Agency's total year-end fund balances were \$920,100.
- The property tax revenue generated from within the Legacy Crossing District, for the tax year 2017 valuation increase of \$11,903,272, was \$228,176, or about 2% of the total assessed valuation increase. Property tax increment revenues are calculated on the change in property valuations as assessed by the Latah County Assessor.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Agency-Wide Statements

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

Fund Financial Statements

- The balance sheet located on page 19 is similar to the statement of net position; however, the balance sheet omits long-term assets and long-term liabilities. This format helps assess current assets, which are available to meet current liabilities and debt service payments. Also, there is a reconciliation of the balance sheet and the statement of net position, which outlines why there are differences in the two statements.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

There are three statements of revenues, expenditures, and changes in fund balances on pages 20, 22, and 23. The statement on page 21 reconciles the differences to the Agency-wide statement of activities. The statements on page 22-23 have the budget-to-actual revenues and expenditures for the year for the General fund and Legacy Agency, respectively, and help in assessing whether the Agency raised and spent funds according to the budget plan.

Notes to the Basic Financial Statements

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

Report by the Independent Certified Public Accountants

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

MAJOR AGENCY INITIATIVES IN FISCAL YEAR 2018

Legacy Crossing District. The Agency owns a lot located at the southwest corner of the intersection of 6th and Jackson Streets in Moscow, within the Legacy Crossing District. The Agency's primary focus is the redevelopment of the property through the completion of environmental assessment/remediation and facilitating the construction of improvements in conformance with the Legacy Crossing Plan. The Sixth and Jackson property is one of the beneficiaries of an EPA Brownfield Assessment Grant and has underwent testing throughout in 2014 to develop a remediation plan to remove contaminated soils in order to prepare the property for redevelopment.

On May 29, 2013, the Agency was awarded an EPA Hazardous Substances Cleanup Grant to fund the removal of the contaminated soils. The Agency completed The active cleanup construction was completed in the fall of 2016 and the Agency received the Certificate of Completion and Covenant Not to Sue from the State of Idaho Department of Environmental Quality in April 2017.

In response to a Request for Proposals (RFP) for the property, Sangria Downtown LLC was selected as the successful respondent and on October 26, 2017, a Disposition and Development Agreement (DDA) to formally document terms of transaction and responsibilities of the parties was approved by the Board. In May of 2018 Sangria terminated the DDA due to increased construction costs that rendered their project infeasible. The Agency issued a second RFP in 2018 and on February 21, 2019 selected Moscow Flatirons project submitted by Roderick D. Olps for the property. It is expected that construction upon the property would begin in the fall of 2019 or spring of 2020.

On October 1, 2018 the Moscow City Council passed Ordinance 2018-13 approving the amendment to the Legacy Crossing District Boundary to include the adjacent portion of Main Street through the adoption of the Amended and Restated Legacy Crossing Urban Renewal District Redevelopment Plan. Under state law, any such amendment becomes retroactively effective to January 1st of the year the amendment occurred. The district amendment resulting in the addition of 6 acres of land to the District bringing the total District size to approximately 169 Acres. The purpose of the amendment was to allow the opportunity for the Agency to financially participate in the reconstruction and repair of the deteriorating public infrastructure in downtown which has been identified as a major challenge area by the Moscow City Council.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Following the 2012 property tax assessment process, the County contended that the Agency received an over payment of \$114,537 of property tax receipts over the three-year period. A settlement agreement between the Agency and Latah County was reached to provide for a schedule of repayment of the property taxes. The remaining balance at September 30, 2018 was \$101,537.

Alturas Technology Park. Following the recommendation of Resolution 2015-02 to terminate the Alturas Technology Park revenue allocation area, the Moscow City Council passed Ordinance 2015-15 terminating the Alturas revenue allocation area in 2015.

The Agency continues to hold six undeveloped lots within the Alturas Technology Park. As real estate market conditions continue to improve, the Agency continues to market the remaining six lots in the Alturas Technology Park District targeting markets like agribusiness, biotechnology, software/IT, institutes and associations, and young technology professionals. Towards that end, the Agency has entered into an agreement with Palouse Commercial Real Estate for real estate brokerage services to assist the Agency with the marketing and sale of the remaining lots. There are a limited number of existing commercial properties available in Moscow for companies to choose from and most would require a substantial reinvestment. So, as national and economic conditions continue to improve, the Agency anticipates greater interest in the Agency's lots in Alturas Technology Park. As of September 30, 2018, the Agency was under an Exclusive Negotiation Agreement for the sale of Lots 2 and 3 of the remaining six, with anticipated completion date on the sale to be in 2019.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Trends in the Urban Renewal Agency's Net Position

	2018	2017	2016
Assets			
Current and other assets	432,070	603,758	637,755
Capital assets (net of accumulated depreciation)	<u>1,210,676</u>	<u>1,210,676</u>	<u>1,187,512</u>
Total assets	<u>1,642,746</u>	<u>1,814,434</u>	<u>1,825,267</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Current liabilities	75,726	158,549	65,213
Long-term liabilities	<u>388,037</u>	<u>420,537</u>	<u>425,037</u>
Total liabilities	<u>463,763</u>	<u>579,086</u>	<u>517,250</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net position			
Net investment in capital assets	404,732	376,732	326,568
Restricted debt service	44,312	44,312	44,312
Unrestricted	<u>729,939</u>	<u>814,304</u>	<u>937,137</u>
Total net position	<u>1,178,983</u>	<u>1,235,348</u>	<u>1,308,017</u>

The Agency's total assets and deferred outflows of resources for 2018 exceeded its liabilities and deferred inflows of resources by \$1,178,983. The total capital assets are \$679,420 net of depreciation. The capital assets consist of land, infrastructure for water, sewer, curbs and sidewalks, street lighting, and paving.

Outstanding Debt. At the end of fiscal year 2018, the Agency had total outstanding bonded debt of \$319,000 as noted on page 31. These bonds are limited obligations of the Agency for the Legacy Crossing District. Additional information on the Agency's long-term debt can be found in Note 6 in the notes to the financial statements.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Trends in the Urban Renewal Agency's Changes in Net Position

	2018	2017	2016
Revenues:			
General revenues:			
Property tax	\$ 228,176	\$ 179,343	\$ 179,552
Other revenues:			
Investment Income	7,373	4,116	3,842
Disposal of Asset (loss)	-	-	(432,679)
Grants and contributions	-	14,724	145,940
Total revenues	<u>235,549</u>	<u>198,183</u>	<u>(103,345)</u>
Expenditures:			
Project administration	278,757	256,316	935,345
Depreciation	-	-	-
Interest Expense	13,157	14,536	15,632
Total expenditures	<u>291,914</u>	<u>270,852</u>	<u>950,977</u>
Change in net position	\$ (56,365)	\$ (72,669)	\$ (1,054,322)
Net position, beginning	<u>1,235,348</u>	<u>1,308,017</u>	<u>2,362,339</u>
Net position, ending	<u>1,178,983</u>	<u>1,235,348</u>	<u>1,308,017</u>

The increase in investment income reflects changes in the market value of investment bonds held by the Agency, and fluctuations in the interest rates effective during the fiscal year. The increase in project administration expenses is due to contributions to the Paradise Creek Flood Study, as well as the South main Underpass Study. The agency also incurred additional expenses in the development and pursuit of the sale of the Sixth and Jackson property located in the Legacy Crossing District. The Agency implements all Governmental Accounting Standards Board (GASB) pronouncements so that we are in compliance with the accounting standards for governments. Additional information comparing the Agency's budgeted to actual expenditures can be found in the statement of revenues, expenditures, and changes in fund balances on pages 23 and 24.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO**MANAGEMENT'S DISCUSSION AND ANALYSIS****FUND FINANCIAL ANALYSIS****Trends in the Urban Renewal Agency's Balance Sheet**

	2018	2017	2016
ASSETS			
Cash and investments	\$ 422,403	\$ 596,073	\$ 608,254
Accounts receivable	4,407	2,425	29,501
Other assets	5,260	5,260	-
Land held for sale	531,256	531,256	531,256
Total assets	963,326	1,135,014	1,169,011
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
Total assets and deferred outflows or resources	\$ 963,326	\$ 1,135,014	\$ 1,169,011
LIABILITIES	43,226	127,049	34,713
DEFERRED INFLOWS OF RESOURCES	-	-	-
Total liabilities and deferred inflows of resources	43,226	127,049	34,713
FUND BALANCE			
Nonspendable	531,256	531,256	531,256
Restricted	44,312	44,312	44,312
Assigned	280,031	375,013	480,855
Unassigned	64,501	57,384	77,875
Total fund balance	920,100	1,007,965	1,134,298
Total liabilities, deferred inflows of resources and fund balance	\$ 963,326	\$ 1,135,014	\$ 1,169,011

The significant decrease in liabilities is a result of decreased accounts payable due to timing of year-end invoices. Accumulated funding has also been set aside for improvements to the Agency's lot located at the southwest corner of the intersection of Sixth and Jackson Street, which have been carried forward while the Agency continues the pursuit of the sale of this property. The \$44,312 of restricted fund balance represents the required bond reserve account balance for the Legacy Crossing District bond.

ECONOMIC CONDITIONS AFFECTING THE AGENCY

Employment. The Latah County unemployment rate (not seasonally adjusted) for the month ended September 2018 was 1.9 percent compared with 2.1 percent in September 2017. The September 2018 unemployment rate (not seasonally adjusted) of 1.9 percent was below a state unemployment rate of 2.7 percent and a national unemployment rate of 3.7 percent. ⁽¹⁾

Latah County saw employment expansion in the following sectors from 2017 - 2018⁽¹⁾:

- Finance and Insurance (4.2 percent)
- Manufacturing (4.0 percent)
- Professional and Technical Services (3.2 percent)
- Construction (2.8 percent)
- Accommodation and Food Service (2.3 percent)
- Other Services (2.3 percent)
- Arts, Entertainment, and Recreation (2.0 percent)
- Health Care Services (1.9 percent)
- Information (1.8 percent)
- Government and Government Services (1.7 percent)

Latah County saw employment retractions in the following sectors: ⁽¹⁾

- Transportation and Warehousing (-2.9 percent)
- Retail Trade (-3.4 percent)

Real Estate:

- The average home sale price in the City of Moscow increased 5.9 percent from \$228,782 in 2017 to \$242,281 in 2018, after a 5.7 percent increase the prior year.
- The average home sale price in Latah County decreased 0.6 percent from \$221,197 in 2017 to \$219,873 in 2018 after a 4.2 percent increase the prior year.

Tourism:

- In the 2018 calendar year, Latah County transient occupancy tax increased by 8.8 percent over 2017.

Building Permits:

- Total permitted construction value in the City of Moscow continued to be very strong and decreased slightly from a near record high of \$40.7 million in 2017 to \$34.8 million in 2018, still significantly above the 10 year average of \$25.6 million. ⁴

1U.S. Bureau of Labor Statistics

2 Latah County MLS

3 Idaho Department of Commerce, Tourism Department

4 City of Moscow Community Development Department.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

FINANCIAL CONTACT

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

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF NET POSITION
September 30, 2018

	Governmental Activities
ASSETS	
Cash and investments	\$ 422,403
Receivables	4,407
Land held for sale	531,256
Other assets	5,260
Land	679,420
Total assets	<u>1,642,746</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>
LIABILITIES	
Accounts payable	38,226
Deposit payable	5,000
Series 2010 Bond - due within one year	29,000
Latah County payback agreement - due within one year	3,500
Series 2010 Bond - due after one year	290,000
Latah County payback agreement - due after one year	98,037
Total liabilities	<u>463,763</u>
DEFERRED INFLOWS OF RESOURCES	<u>0</u>
NET POSITION	
Net investment in capital assets	404,732
Restricted	
Debt service	44,312
Unrestricted	<u>729,939</u>
Total net position	<u>\$ 1,178,983</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

		Program Revenues	Net Revenue (Expense) and Changes in Net Position
	Expenses	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES			
Project administration	\$ 278,757		\$ (278,757)
Interest expense	13,157		(13,157)
Total governmental activities	<u>\$ 291,914</u>	<u>\$ 0</u>	<u>(291,914)</u>
GENERAL REVENUES			
Property taxes levied for general purposes			228,176
Investment income			7,373
Total general revenues			<u>235,549</u>
Change in net position			(56,365)
NET POSITION, beginning of year			<u>1,235,348</u>
NET POSITION, end of year			<u>\$ 1,178,983</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2018

	General	Legacy Crossing District	Total
ASSETS			
Cash and investments	\$ 71,152	\$ 351,251	\$ 422,403
Receivables	696	3,711	4,407
Other assets		5,260	5,260
Land held for sale	531,256		531,256
Total assets	<u>603,104</u>	<u>360,222</u>	<u>963,326</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 603,104</u>	<u>\$ 360,222</u>	<u>\$ 963,326</u>
LIABILITIES			
Accounts payable	\$ 2,347	\$ 35,879	\$ 38,226
Deposit payable	5,000		\$ 5,000
Total liabilities	<u>7,347</u>	<u>35,879</u>	<u>43,226</u>
DEFERRED INFLOWS OF RESOURCES	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE			
Nonspendable	531,256		531,256
Restricted for debt service		44,312	44,312
Assigned		280,031	280,031
Unassigned	64,501		64,501
Total fund balance	<u>595,757</u>	<u>324,343</u>	<u>920,100</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 603,104</u>	<u>\$ 360,222</u>	<u>\$ 963,326</u>
RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET - GOVERNMENTAL FUNDS			
Total fund balance - Governmental Funds			\$ 920,100
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds			679,420
Long-term liabilities, consisting of bonds payable and tax repayment agreement, are due and payable in the current period and, therefore, are not reported in the funds			<u>(420,537)</u>
Total net position - Governmental Activities			<u>\$ 1,178,983</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	<u>General</u>	<u>Legacy Crossing District</u>	<u>Total</u>
REVENUES			
Property taxes		\$ 228,176	\$ 228,176
Investment income	\$ 7,113	260	7,373
Total revenues	<u>7,113</u>	<u>228,436</u>	<u>235,549</u>
EXPENDITURES			
Current			
Legal and professional fees	7,450	34,073	41,523
Insurance	1,507		1,507
Maintenance	3,529	1,665	5,194
Advertising	783		783
Management services	47,741		47,741
Land incentive agreement		66,253	66,253
Development participation		112,254	112,254
Other administration expenses	137	3,365	3,502
Debt Service			
Principal retirement		31,500	31,500
Interest		13,157	13,157
Total expenditures	<u>61,147</u>	<u>262,267</u>	<u>323,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(54,034)</u>	<u>(33,831)</u>	<u>(87,865)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers	61,147	(61,147)	0
Total other financing sources (uses)	<u>61,147</u>	<u>(61,147)</u>	<u>0</u>
Net change in fund balances	7,113	(94,978)	(87,865)
FUND BALANCES AT BEGINNING OF YEAR	<u>588,644</u>	<u>419,321</u>	<u>1,007,965</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 595,757</u></u>	<u><u>\$ 324,343</u></u>	<u><u>\$ 920,100</u></u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2018**

Net change in fund balances - Governmental Funds \$ (87,865)

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

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal payments made on long-term debt

31,500

Change in net position - Governmental Activities

\$ (56,365)

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

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

Year Ended September 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	\$ 1,000	\$ 7,113	\$ 6,113
Total revenues	<u>1,000</u>	<u>7,113</u>	<u>6,113</u>
EXPENDITURES			
Current			
Legal and professional fees	12,000	7,450	4,550
Insurance	1,650	1,507	143
Maintenance	4,500	3,529	971
Advertising	1,000	783	217
Management services	47,741	47,741	0
Other administration expenses	<u>3,000</u>	<u>137</u>	<u>2,863</u>
Total expenditures	<u>69,891</u>	<u>61,147</u>	<u>8,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(68,891)</u>	<u>(54,034)</u>	<u>14,857</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers	<u>65,391</u>	<u>61,147</u>	<u>(4,244)</u>
Total other financing sources (uses)	<u>65,391</u>	<u>61,147</u>	<u>(4,244)</u>
Net change in fund balances	(3,500)	7,113	10,613
FUND BALANCES BEGINNING OF YEAR	<u>3,500</u>	<u>588,644</u>	<u>585,144</u>
FUND BALANCES END OF YEAR	<u>\$ 0</u>	<u>\$ 595,757</u>	<u>\$ 595,757</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
LEGACY CROSSING DISTRICT FUND
Year Ended September 30, 2018

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 228,980	\$ 228,176	\$ (804)
Investment income		260	260
Total revenues	<u>228,980</u>	<u>228,436</u>	<u>(544)</u>
EXPENDITURES			
Current			
Legal and professional fees	11,750	34,073	(22,323)
Advertising	2,000	1,665	335
Land incentive agreement	21,385	66,253	(44,868)
Development participation		112,254	(112,254)
Other administration expenses	4,000	3,365	635
Debt service			
Principal retirement	3,500	31,500	(28,000)
Interest		13,157	(13,157)
Capital outlay			
Improvements	230,000		230,000
Contingency	15,000		15,000
Total expenditures	<u>287,635</u>	<u>262,267</u>	<u>25,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(58,655)</u>	<u>(33,831)</u>	<u>24,824</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers	(65,391)	(61,147)	4,244
Total other financing sources (uses)	<u>(65,391)</u>	<u>(61,147)</u>	<u>4,244</u>
Net change in fund balances	(124,046)	(94,978)	29,068
FUND BALANCES BEGINNING OF YEAR	<u>124,046</u>	<u>419,321</u>	<u>295,275</u>
FUND BALANCES END OF YEAR	<u>\$ 0</u>	<u>\$ 324,343</u>	<u>\$ 324,343</u>

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

The Alturas Technology Park was the Agency's first project. Phase I of the project was constructed during 1997 and 1998, and consists of six saleable lots and a public park. Construction of Phase II began in the fall of 2005. The Moscow Urban Renewal Agency closed the Alturas Technology Park Tax Allocation Area in 2016 and contributed public infrastructure capital assets to the City of Moscow.

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

Measurement Focus and Basis of Accounting. The financial statements of the Moscow Urban Renewal Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued).

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers revenues as available if they are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB #54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB #54 requires the fund balance amounts to be properly reported within one of the fund balance categories below:

Nonspendable

Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted

Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed

Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned

Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned

Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency-Wide Financial Statements. The statement of net position and the statement of activities display information about the overall Agency. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the Agency since there are no “business-type activities” within the Agency. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency’s sole function of economic development within the Agency boundaries. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Agency’s funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Agency has only governmental-type funds. Because there are only two funds, they are both presented on the face of the fund financial statements.

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

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

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

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

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates. The Agency uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the Agency uses.

Budgets. As required by Idaho law, the Agency has adopted a budget, which is presented on the face of the financial statements.

Deposits and Investments. Cash is invested by the Agency until it is needed for the purpose of maximizing investment earnings. The investments are reported at fair value at September 30, 2018. The fair value is combined with the checking account balance and is presented as cash and investments.

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

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

Capital assets consist of land relating to the Legacy Crossing District.

Long-Term Obligations. Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for early payment in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability.

Personnel. The Agency employs no personnel and, thus, has no liability disclosures for pension costs, employee compensated absence or payroll tax accruals. The Agency agrees to pay \$47,741 to the City of Moscow for services provided through City Administration, Public Works, Finance, and Community Development departments. Additionally, the Agency retains an Executive Director whose duties and responsibilities are equally separated from the City's Community Development Director. The Agency contracts with the City for the Executive Director's services, as stipulated in the City Services Agreement between the City and the Agency.

2. PROPERTY TAXES

In accordance with Idaho law, property taxes are levied in dollars in September for each calendar year. Levies are made on or before the second Monday of September. One-half of the property taxes are due on or before December 20th, and the remaining one-half is due on or before June 20th of the following year. A lien is filed on property after three years from the date of delinquency.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

2. PROPERTY TAXES (CONTINUED)

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

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

Tax Year	Legacy Crossing District	
	Valuation Increase	Tax Revenue
2008	Base Year	
2009	\$ 3,345,847	\$ 53,020
2010	8,377,408	129,830
2011	8,958,913	144,052
2012	5,449,902	97,548
2013	5,757,256	116,809
2014	8,170,320	179,241
2015	8,760,571	179,552
2016	9,097,017	179,343
2017	11,903,272	228,980
2018	20,267,003 (preliminary)	371,958 (estimated)

3. CASH AND INVESTMENTS

At September 30, 2018, the carrying amount of the Agency's cash deposits was \$3,306, and the bank balance was \$3,570. The entire cash balance is FDIC insured.

As of September 30, 2018, the Agency had the following investments and maturities:

	Less than 1	1-5	Greater than 5	Interest Rate	Fair Value
Governmental Activities					
Cash and equivalents	\$ 44,437			0.00	\$ 44,437
Idaho State Treasurer's					
Local Government					
Investment Pool	374,660			2.224	374,660
Total investments	\$ 419,097	\$ 0	\$ 0		\$ 419,097

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

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Credit risk: As of September 30, 2018, the Agency's investment in the Idaho State Treasurer's Local Government Investment Pool is unrated. The Agency's investments held through Zions Bank are AAA rated by Moody's Investor Service and are implicitly guaranteed by the U.S. government.

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

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

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

4. LAND HELD FOR SALE

As of September 30, 2018, land held for sale, which is stated at the lower of cost or fair value, consists of six lots within the Alturas Technology Park. It is intended that these lots be disposed of by way of sale and steps have been taken for this purpose. The value of these lots was \$531,256 at September 30, 2018.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital assets consist of land, infrastructure for water, sewer, curbs and sidewalks, street lighting, and paving. Activity for the year ended September 30, 2018, was as follows:

	Beginning Balance 10/01/17	Increases	Decreases	Ending Balance 09/30/18
Capital assets not being depreciated				
Land	\$ 679,420			\$ 679,420
Total assets not being depreciated, net	679,420			679,420
Total assets being depreciated, net	0	\$ 0	\$ 0	0
Governmental activities capital assets, net	\$ 679,420	\$ 0	\$ 0	\$ 679,420

6. LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the Agency for the fiscal year ended September 30, 2018:

	Series 2010 Revenue Allocation Bond	Total
Debt payable, 9/30/17	\$ 347,000	\$ 347,000
Principal payments	(28,000)	(28,000)
Debt payable, 9/30/18	\$ 319,000	\$ 319,000

Debt outstanding at September 30, 2018, consisted of the following:

Revenue Allocation Bonds - Series 2010 - \$510,000 Revenue Allocation (Tax Increment) Bonds due in annual installments, with an interest rate at September 30 of 5.29 percent.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO**NOTES TO FINANCIAL STATEMENTS**

6. LONG-TERM OBLIGATIONS (CONTINUED)

At September 30, 2018, the annual debt service requirements to maturity, assuming current interest rates, are as follows:

Year Ending September 30	Series 2010	
	Principal	Interest
2019	\$ 29,000	\$ 14,591
2020	31,000	13,057
2021	32,000	11,370
2022	34,000	9,965
2023	35,000	8,473
2024-2027	158,000	17,692
	<u>\$ 319,000</u>	<u>\$ 75,148</u>

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

The total interest expense in 2018 amounted to \$13,157 in the governmental funds.

The Agency also agreed to a long-term payback agreement with Latah County, Idaho, for the repayment of \$114,537 of property taxes received in prior years (see note 8 for details). The payback agreement calls for annual installment payments over 15 years with no interest. At September 30, 2018, the annual required payments to Latah County are as follows:

Year Ending September 30	Tax Repayment Agreement
2019	\$ 3,500
2020	3,500
2021	5,000
2022	5,000
2023	5,000
2024-2028	55,000
2029	24,537
	<u>\$ 101,537</u>

7. FUND BALANCE CLASSIFICATIONS

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

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

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

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

8. PROPERTY TAX REPAYMENT AGREEMENT

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

Following the 2012 property tax assessment process, the County notified the Agency that after a review of the assessment process for the past three years, the District had been allocated too much assessed value. Disclosure note 2 on page 30 identifies these changes. The County determined that the Agency received an overpayment of \$114,537 of property tax receipts over a three-year period. The remaining balance at September 30, 2018 was \$101,537.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES

On September 21, 2011, the Agency entered into an Owners Participation Agreement (OPA) with Anderson Group, LLC, the developer of 625 South Jackson Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed \$110,000 of public improvements and site remediation, without interest. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. Payment will be made in semi-annual installments in the amount of 50 percent of the tax increment revenue generated from the additional assessed value resulting from the development completed by the developer. Payments will only occur upon receipt of tax increment revenue and will continue until the principal has been paid or December 31, 2032, whichever occurs first. Payments made during fiscal year 2018 totaled \$25. As of September 30, 2018, a total of \$91 has been paid to the developer.

On September 16, 2014, the Agency entered into an OPA with 409 S. Jackson St., LLC, the developer of 409 South Jackson Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed \$45,000 of public improvements and site remediation, without interest. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. Payment will be made in semi-annual installments in the amount of 50 percent of the tax increment revenue generated from the additional assessed value resulting from the development completed by the developer. Payments will only occur upon receipt of tax increment revenue and will continue until the principal has been paid or December 31, 2024, whichever occurs first. Payments made during fiscal year 2018 totaled \$7,995. At September 30, 2018, a total of \$32,363 has been paid to the developer.

On October 6, 2016, the Agency entered into an OPA with Darold L. Bingham and Ann D. Bingham Living Trust, the developer of 402 West Sixth Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed \$38,077 of public improvements and site remediation, without interest. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. Payment will be made in semi-annual installments in the amount of 50 percent of the tax increment revenue generated from the additional assessed value resulting from the development completed by the developer. Payments will only occur upon receipt of tax increment revenue and will continue until the principal has been paid or December 31, 2032, whichever occurs first. Payments made during fiscal year 2018 totaled \$3,162. At September 30, 2018, a total of \$22,245 has been paid to the developer.

On October 6, 2016, the Agency entered into an OPA with Larry A. Swanger, the developer of 203 West Third Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed \$90,096 of public improvements related to the general condition and appearance of all Public Street and sidewalk infrastructure in the surrounding area, without interest. Payments made during fiscal year 2018 totaled \$45,307. At September 30, 2018, a total of \$45,307 has been paid to the developer.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

NOTES TO FINANCIAL STATEMENTS

9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

On January 12, 2018, the Agency entered into an OPA with Gritman Medical Park LLC, the developer of 700 South Main Street – in the Agency’s Legacy District. The Agency’s financial participation is an anticipated amount not to exceed \$600,000 of public improvements related to the general condition and appearance of all Public Street and sidewalk infrastructure in the surrounding area, without interest. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. Payment will be made in semi-annual installments in the amount of 50 percent of the tax increment revenue generated from the additional assessed value resulting from the development completed by the developer. Payments will only occur upon receipt of tax increment revenue and will continue until the principal has been paid or December 31, 2032, whichever occurs first. Payments made during fiscal year 2018 totaled \$9,763. At September 30, 2018, a total of \$9,763 has been paid to the developer.

The Agency has negotiated the following future OPA agreements in the Legacy District, in anticipated amounts not to exceed:

FH Vandals LLC, developer of 1104 South Main Street	\$ 350,000
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SUPPLEMENTARY INFORMATION



Annual Report

& Financial Statements for Fiscal Year 2018



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2018 Annual Report



2018 ANNUAL REPORT FOR THE MOSCOW URBAN RENEWAL AGENCY

The Mission of the Agency (Agency) is to promote and support projects that achieve sustainable economic growth, vitality, and which enhance the community.

Per Idaho Code §50-2006(c), urban renewal agencies are to provide an annual report by March 31st of each year to the jurisdiction's governing body. For the Agency that is the Moscow City Council. This report is submitted in fulfillment of that requirement and to provide information to the public. The report will be available from March 9th through March 21st, for inspection during business hours in the Urban Renewal Agency's office or on the Agency website at www.moscowura.com.

As required by Idaho Code §50-2006(c), the Agency will consider for approval the draft annual report of the Agency's 2018 activities at their meeting on March 21st, 2019. Written comments are welcomed and may be submitted to the Agency in advance of the meeting. Comments and responses from that period will be included in the final version of this report.

The comment period will remain open from March 9, 2019 to March 21, 2019.

FOR MORE INFORMATION...

As required by Idaho Code §50-2011(f), the annual report identifies the real property held by the Agency and sets forth the reasons such property remains unsold and indicates the Agency's plans for disposition of the real property, if necessary. If you have any questions or to submit comments, please contact:

Bill Belknap, Executive Director
221 E. Second Street Moscow, Idaho 83843
(208)883-7011
www.moscowura.com
bbelknap@ci.moscow.id.us

Understanding URAs

Urban renewal and revenue allocation financing are the most significant tools available to Idaho communities for attracting and retaining businesses, generating economic development, promoting job creation and encouraging development of deteriorating and underutilized areas. The State of Idaho provides limited options for cities and counties to use in financing site preparation, infrastructure and other needed incentives necessary to attract and retain businesses. Revenue allocation financing allows communities to make a site ready for development, including extending water, sewer, streets and other improvements that reduce the cost to businesses of relocating or expanding.

Urban renewal and revenue allocation financing is particularly important because of the competitive nature of economic development, where Idaho communities face competition from communities in other states or countries where incentives such as tax abatements, local revenue sharing, and incentives for recruitment often exist. Many Idaho cities (some with more than one project area), have chosen these tools to revitalize their city. The positive impacts of urban renewal can be seen across the state of Idaho.



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MOSCOW URBAN RENEWAL AGENCY PROFILE

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

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

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

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



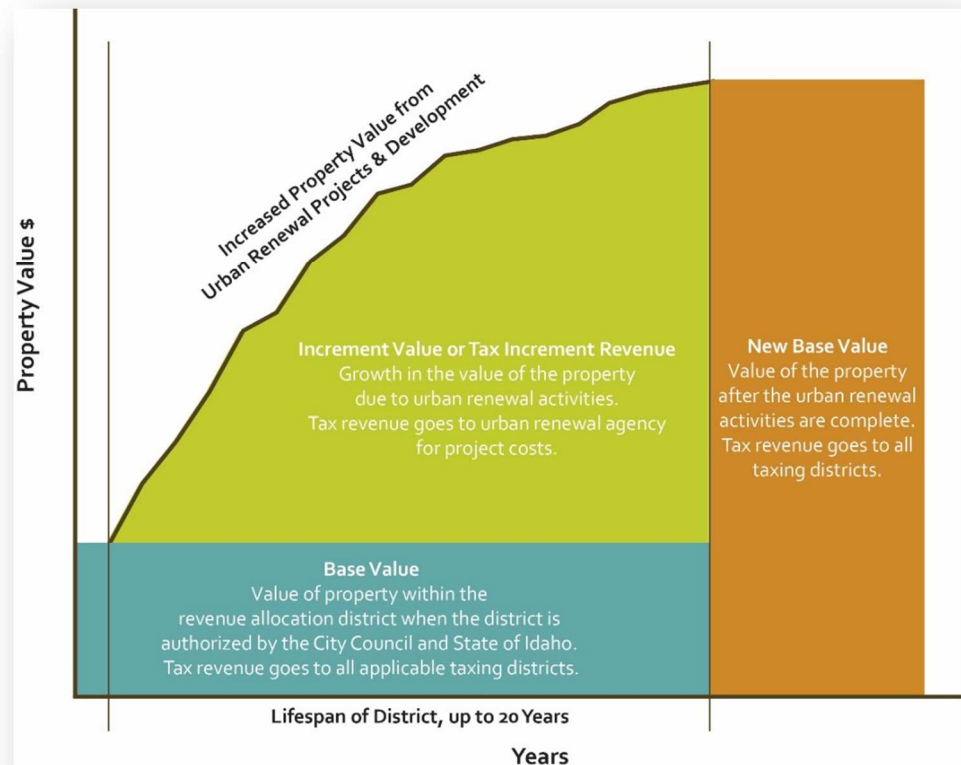
Comtech EF Data Corporation

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

As illustrated in the graphic on this page, when the city establishes a tax increment financing district, the value on the property in the district is set as of the date the district is created. The property tax revenue collected on this base value goes to the various taxing entities providing services to that property. Any increase in value over the base is called the increment value and the tax revenue generated from the increment value is transferred to the Agency.

These tax increment revenues are used by the Agency to pay for public improvements and other revitalization activities in that district. When the district closes (previously 24 years when the Legacy Crossing District was created and now currently 20 years), the increment value is added back to the base value on the tax rolls. This helps diversify and strengthen the economic bases of both the city and the county.

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



AGENCY BOARD OF COMMISSIONERS

The Agency is comprised of seven Commissioners appointed by the Mayor, and confirmed by the City Council, with terms specified by the Mayor, as authorized by Moscow City Council Resolution 2008-17. Officers of the agency consist of a Chairperson, Vice Chairperson, Secretary and Treasurer. Formal policy decisions are made by the Agency Board of Commissioners. In all significant financial matters the Board receives recommendations from a standing Finance Committee that is comprised of two Board members and three community members. For 2018 the Finance Committee membership included Chair McGeehan, Commissioner Smith, Brian Foisy and Jon Kimberling with the additional community member position vacant.



2018 MURA Board *(pictured from left to right)*

Steve McGeehan, Chair
Brandy Sullivan, Vice Chair
Art Bettge, Secretary
Ron Smith, Commissioner
Steve Drown, Commissioner
Dave McGraw, Commissioner
Trent Bice, Commissioner

SIGNIFICANT AGENCY ACHIEVEMENTS FOR 2018

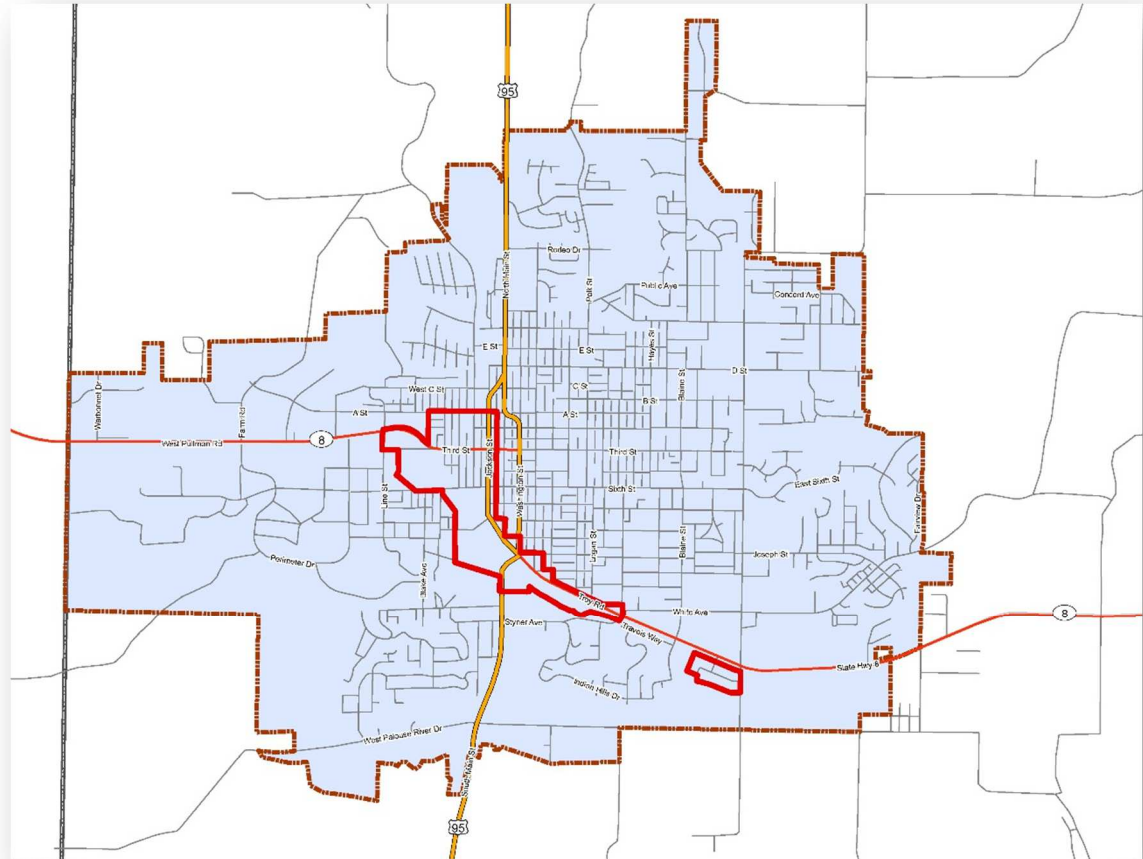
The Agency was active during 2018 with a number of accomplishments. Below are a few selected Agency achievements from 2018:

- **Expansion of the Legacy Crossing District:** On October 1, 2018 the Moscow City Council passed Ordinance 2018-13 approving the amendment to the Legacy Crossing District Boundary to include the adjacent portion of Main Street through the adoption of the Amended and Restated Legacy Crossing Urban Renewal District Redevelopment Plan. The district amendment resulted in the addition of six acres of land to the District, bringing the total District size to approximately 169 acres. The purpose of the amendment was to allow the opportunity for the Agency to participate financially in the reconstruction and repair of the deteriorating public infrastructure in downtown which has been identified as a major challenge area by the Moscow City Council.
- **Proposed Sale of Remaining Alturas Lots:** After many years of advertising and marketing the Alturas lots for sale, the Agency has entered into Exclusive Negotiation Agreements for the disposition and development for all six remaining lots within Alturas Technology Park.
- **Completion of Environmental Remediation of 6th and Jackson Property:** The MURA completed the active construction phase of the environmental remediation of the 6th and Jackson Property and received the Certificate of Completion and Covenant Not to Sue from the State of Idaho Department of Environmental Quality in April of 2017. In December of 2018, ground water samples showed concentrations had decreased dramatically and were in compliance with cleanup plan and drinking water standards. After four quarterly samples are shown to be in compliance, the groundwater treatment system will be decommissioned.

THE DISTRICTS OF THE AGENCY

The Agency historically operated two urban renewal districts: The Alturas Technology Park and Legacy Crossing. The smaller Alturas Technology Park District was closed in 2015 and was located in the southeastern area of the City along State Highway 8, while the larger Legacy Crossing District is located just west of downtown near the University of Idaho Campus.

Applying a variety of redevelopment strategies to improve economic conditions and enhance the quality of life across the city, the Agency's catalog of projects demonstrates that there is no one-size-fits-all solution for community redevelopment. When taken as a whole, this diversity of efforts translates into a cohesive framework, serving critical community, business, and economic development needs.



ALTURAS TECHNOLOGY PARK URBAN RENEWAL DISTRICT

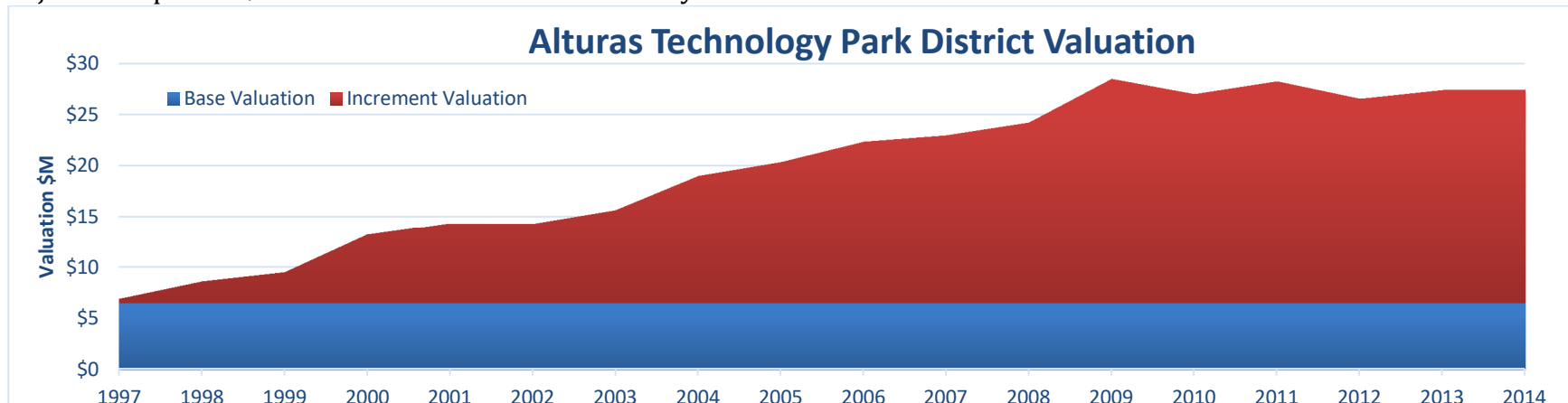
The Alturas Technology Park was the Agency's first District and is currently home to many of Moscow's premier high-tech companies, including Comtech EF Data Corporation, Alturas Analytics, Inc., Anatek Labs, Inc., and BioTracking, LLC. The majority of these firms are linked to outside/non-local markets and are considered primary industries. Wealth enters the local economy principally by way of these industry types.

Established in 1996, the assessed value of property within the revenue allocation area was approximately \$6.4 million. Improvements and developments made as a result of the Alturas Research and Technology Park Urban Renewal Plan have assisted in increasing property values dramatically and today the same area is valued at more than \$27 million.

The export industries within the Alturas Technology Park have a profound economic impact on the Moscow economy. As of the closure of the District, these companies had a total payroll of over \$6 million and paid an average wage of over \$50,000, which is significantly higher than the city's median household income of \$35,389. During that period, the park contributed an estimated adjusted impact of \$26.7 million to the local community.

Alturas Fast Facts

- Established: 1996
- 34 Acres - Revenue Allocation Area
- 13.5 Acres – Project Area
- Base Value: \$6.48 Million
- 2015 Value: \$27.4 Million
- Closure Date: 2015



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

The Agency has six (6) lots left for sale within the Alturas Technology Park. The lots range in size from 28,370/SF to 38,885/SF and were last appraised at \$2.34/SF (Fair Market Value). As noted later in this report, the Agency has continued to market the remaining six lots in Alturas and has engaged Palouse Commercial Real Estate to provide marketing and real estate brokerage services. On July 19th, 2018 the Board approved an Exclusive Negotiation Agreement (ENA) with Shane and Janet Needham for the disposition and development of two of the remaining six lots, and on February 7, 2019 the Board approved an ENA with EMSI for the sale and development of the remaining four lots.



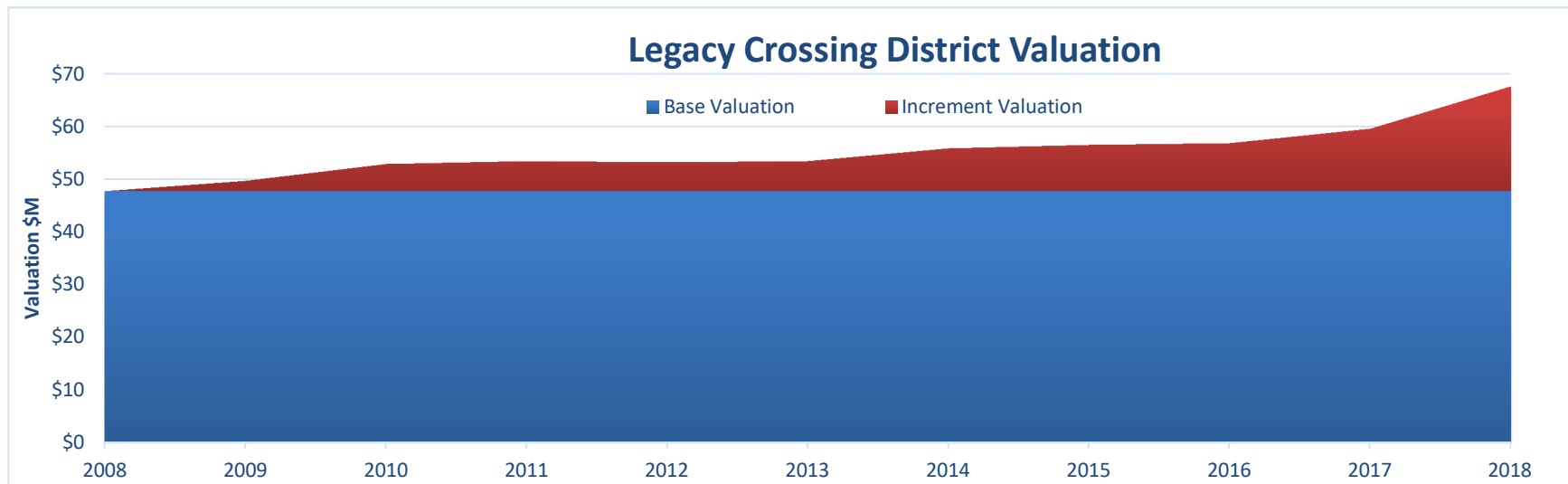
LEGACY CROSSING URBAN RENEWAL DISTRICT

The Legacy Crossing District was created in June of 2008 and is the Agency's second urban renewal district. When formed in 2008, the Legacy Crossing District originally covered 163 acres and included a majority of the blighted and underutilized properties located between Moscow's historic downtown and the University of Idaho. The District was amended in 2018 to include an additional 6 acres that encompass a portion of Main Street, bringing the total acreage to 169 acres.

Legacy Crossing Fast Facts

- Established: 2008
- 169 Acres
- Base Value: \$47.76 Million
- 2018 Value: \$67.7 Million
- Closure Date: 2032

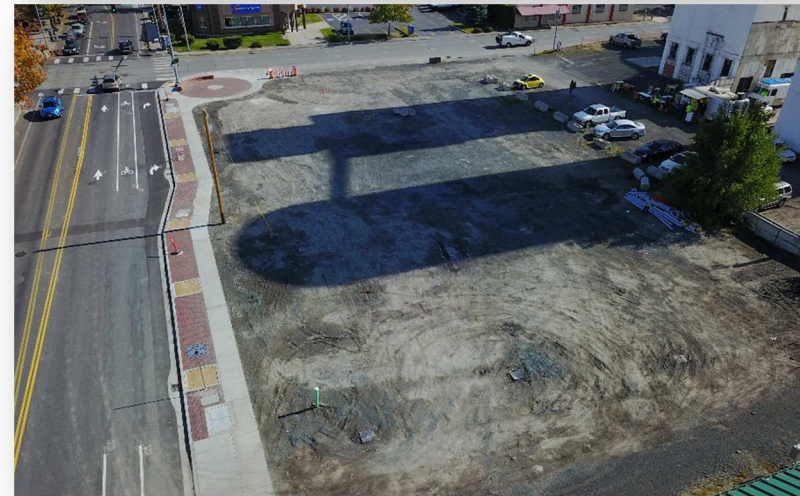
In 2018, development continued to expand with over \$40 Million in new development under construction or in the planning phases within the District. Gritman Medical Park completed the construction of a new \$10 Million, 54,000 square foot medical office building that houses the CHAS Latah Community Health offices which provides health care on an income cost basis to the regions residents; it also houses the University of Idaho medical program anatomy lab and medical education facility. Nearby within the District, the \$24 Million Identity on Main mixed-use project began construction and reached substantial completion in the fall of 2018.



In 2010, the Agency purchased a parcel within the District located at the southwestern corner of the intersection of 6th and Jackson streets. The property was purchased to enhance opportunities to connect downtown Moscow to the University of Idaho campus. The Agency and the City of Moscow understood that the property was the keystone to connectivity between the University and downtown and to the development of Hello Walk.

The Agency applied for and was successful in obtaining an EPA cleanup grant in the amount of \$115,317. The EPA cleanup grant was utilized to conduct the actual remediation and monitoring of the property, which will allow for its reuse. The active cleanup construction was completed in the fall 2016. The Agency received its Certificate of Completion and Covenant Not to Sue from the State of Idaho Department of Environmental Quality in April of 2017, clearing the way for future development on the site.

In response to an RFP, Sangria Downtown LLC was selected as the successful respondent for the development of the property and on October 26, 2017, a Disposition and Development Agreement (DDA) to formally document terms of transaction and responsibilities of the parties was approved by the Board. In May of 2018 Sangria terminated the DDA due to increased construction costs that rendered their project infeasible. The Agency published a new RFP in 2018 and on February 21, 2019 selected Moscow Flatiron project submitted by Roderick D. Olps for the property.





INVENTORY OF MURA OWNED PROPERTIES

District	Property Address	Parcel Number	SF /Acres	Planned Reuse	Sale and Development Status
Alturas	1362 Alturas Drive	RPM00270010020	29,412/SF	Fee Simple Sale	Under ENA with Shane and Janet Needham
Alturas	1412 Alturas Drive	RPM00270010030	28,370/SF	Fee Simple Sale	Under ENA with Shane and Janet Needham
Alturas	1425 Alturas Drive	RPM00270020040	38,885/SF	Fee Simple Sale	Under ENA with EMSI
Alturas	1383 Alturas Drive	RPM00270020030	36,997/SF	Fee Simple Sale	Under ENA with EMSI
Alturas	1345 Alturas Drive	RPM00270020020	34,531/SF	Fee Simple Sale	Under ENA with EMSI
Alturas	1293 Alturas Drive	RPM00270020010	35,029/SF	Fee Simple Sale	Under ENA with EMSI
Legacy	Lot located at the southwestern corner of the intersection of 6 th and Jackson streets	RPM00000180025	0.87 Acres	Public pathway, public plaza, and future fee simple sale	Under ENA with Roderick D. Olps

As noted above, the Agency owns six (6) lots within the Alturas Technology Park District and one (1) lot within the Legacy Crossing District. The Alturas lots are actively marketed for sale to technology- and research-based businesses in accordance with the applicable zoning regulations and private covenants upon the property. On July 19th, 2018, the Board approved an Exclusive Negotiation Agreement (ENA) with Shane and Janet Needham for the disposition and development of two of the remaining six lots, and on February 7, 2019 the Board approved an ENA with EMSI for the sale and development of the remaining four lots. The Agency has also entered into an ENA with Roderick D. Olps for the Sixth and Jackson Property.

Public Comments

Legal Notice

FINANCIAL STATEMENTS

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO	
STATEMENT OF NET POSITION	
September 30, 2018	
	Governmental Activities
ASSETS	
Cash and investments	\$ 422,403
Receivables	4,407
Land held for sale	531,256
Other assets	5,260
Land	679,420
Total assets	1,642,746
DEFERRED OUTFLOWS OF RESOURCES	0
LIABILITIES	
Accounts payable	38,226
Deposit payable	5,000
Series 2010 Bond - due within one year	29,000
Latah County payback agreement - due within one year	3,500
Series 2010 Bond - due after one year	290,000
Latah County payback agreement - due after one year	98,037
Total liabilities	463,763
DEFERRED INFLOWS OF RESOURCES	0
NET POSITION	
Net investment in capital assets	404,732
Restricted	
Debt service	44,312
Unrestricted	729,939
Total net position	\$ 1,178,983

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO			
STATEMENT OF ACTIVITIES Year Ended September 30, 2018			
		Program Revenues	Net Revenue (Expense) and Changes in Net Position
	Expenses	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES			
Project administration	\$ 278,757		\$ (278,757)
Interest expense	13,157		(13,157)
Total governmental activities	<u>\$ 291,914</u>	<u>\$ 0</u>	<u>(291,914)</u>
GENERAL REVENUES			
Property taxes levied for general purposes			228,176
Investment income			7,373
Total general revenues			<u>235,549</u>
Change in net position			(56,365)
NET POSITION, beginning of year			<u>1,235,348</u>
NET POSITION, end of year			<u>\$ 1,178,983</u>

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO			
BALANCE SHEET - GOVERNMENTAL FUNDS September 30, 2018			
	General	Legacy Crossing District	Total
ASSETS			
Cash and investments	\$ 71,152	\$ 351,251	\$ 422,403
Receivables	696	3,711	4,407
Other assets		5,260	5,260
Land held for sale	531,256		531,256
Total assets	603,104	360,222	963,326
DEFERRED OUTFLOWS OF RESOURCES	0	0	0
Total assets and deferred outflows of resources	\$ 603,104	\$ 360,222	\$ 963,326
LIABILITIES			
Accounts payable	\$ 2,347	\$ 35,879	\$ 38,226
Deposit payable	5,000		\$ 5,000
Total liabilities	7,347	35,879	43,226
DEFERRED INFLOWS OF RESOURCES	0	0	0
FUND BALANCE			
Nonspendable	531,256		531,256
Restricted for debt service		44,312	44,312
Assigned		280,031	280,031
Unassigned	64,501		64,501
Total fund balance	595,757	324,343	920,100
Total liabilities, deferred inflows of resources, and fund balance	\$ 603,104	\$ 360,222	\$ 963,326
RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET - GOVERNMENTAL FUNDS			
Total fund balance - Governmental Funds			\$ 920,100
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds			679,420
Long-term liabilities, consisting of bonds payable and tax repayment agreement, are due and payable in the current period and, therefore, are not reported in the funds			(420,537)
Total net position - Governmental Activities			\$ 1,178,983

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO			
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS			
Year Ended September 30, 2018			
	General	Legacy Crossing District	Total
REVENUES			
Property taxes		\$ 228,176	\$ 228,176
Investment income	\$ 7,113	260	7,373
Total revenues	7,113	228,436	235,549
EXPENDITURES			
Current			
Legal and professional fees	7,450	34,073	41,523
Insurance	1,507		1,507
Maintenance	3,529	1,665	5,194
Advertising	783		783
Management services	47,741		47,741
Land incentive agreement		66,253	66,253
Development participation		112,254	112,254
Other administration expenses	137	3,365	3,502
Debt Service			
Principal retirement		31,500	31,500
Interest		13,157	13,157
Total expenditures	61,147	262,267	323,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(54,034)	(33,831)	(87,865)
OTHER FINANCING SOURCES (USES)			
Operating transfers	61,147	(61,147)	0
Total other financing sources (uses)	61,147	(61,147)	0
Net change in fund balances	7,113	(94,978)	(87,865)
FUND BALANCES AT BEGINNING OF YEAR	588,644	419,321	1,007,965
FUND BALANCES AT END OF YEAR	\$ 595,757	\$ 324,343	\$ 920,100

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2018

Net change in fund balances - Governmental Funds	\$ (87,865)
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Amounts reported for governmental activities in the statement of activities are different because:

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal payments made on long-term debt	31,500
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Change in net position - Governmental Activities	<u>\$ (56,365)</u>
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MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO			
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS GENERAL FUND Year Ended September 30, 2018			
	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	\$ 1,000	\$ 7,113	\$ 6,113
Total revenues	1,000	7,113	6,113
EXPENDITURES			
Current			
Legal and professional fees	12,000	7,450	4,550
Insurance	1,650	1,507	143
Maintenance	4,500	3,529	971
Advertising	1,000	783	217
Management services	47,741	47,741	0
Other administration expenses	3,000	137	2,863
Total expenditures	69,891	61,147	8,744
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(68,891)	(54,034)	14,857
OTHER FINANCING SOURCES (USES)			
Operating transfers	65,391	61,147	(8,744)
Total other financing sources (uses)	65,391	61,147	(8,744)
Net change in fund balances	(3,500)	7,113	6,113
FUND BALANCES BEGINNING OF YEAR	3,500	588,644	589,644
FUND BALANCES END OF YEAR	\$ 0	\$ 595,757	\$ 595,757

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO			
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS LEGACY CROSSING DISTRICT FUND Year Ended September 30, 2018			
	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 228,980	\$ 228,176	\$ (804)
Investment income		260	260
Total revenues	<u>228,980</u>	<u>228,436</u>	<u>(544)</u>
EXPENDITURES			
Current			
Legal and professional fees	11,750	34,073	(22,323)
Advertising	2,000	1,665	335
Land incentive agreement	21,385	66,253	(44,868)
Development participation		112,254	(112,254)
Other administration expenses	4,000	3,365	635
Debt service			
Principal retirement	3,500	31,500	(28,000)
Interest		13,157	(13,157)
Capital outlay			
Improvements	230,000		230,000
Contingency	15,000		15,000
Total expenditures	<u>287,635</u>	<u>262,267</u>	<u>25,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(58,655)</u>	<u>(33,831)</u>	<u>24,824</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers	<u>(65,391)</u>	<u>(61,147)</u>	<u>8,744</u>
Total other financing sources (uses)	<u>(65,391)</u>	<u>(61,147)</u>	<u>8,744</u>
Net change in fund balances	(124,046)	(94,978)	33,568
FUND BALANCES BEGINNING OF YEAR	<u>124,046</u>	<u>419,321</u>	<u>290,775</u>
FUND BALANCES END OF YEAR	<u>\$ 0</u>	<u>\$ 324,343</u>	<u>\$ 324,343</u>