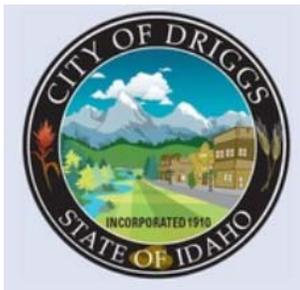


Driggs Urban Renewal Agency

(A Component Unit of the City of Driggs, Idaho)

Financial Statements and Supplementary Information

Year ended September 30, 2017



WIPFLI^{LLP}
CPAs and Consultants

Driggs Urban Renewal Agency

Contents
September 30, 2017

INDEPENDENT AUDITOR’S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Activities.....	4
Combined Balance Sheet Governmental Funds.....	5
Governmental Fund Types Combined Statement of Revenues, Expenditures, and Changes in Fund Balance	6
Notes to Financial Statements.....	7-10
REQUIRED SUPPLEMENTAL INFORMATION	
Main Street Special Revenue Fund Statement of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual	11
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>.....	12-13



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Driggs Urban Renewal Agency
Driggs, Idaho

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Driggs Urban Renewal Agency (the Agency), a component unit of the City of Driggs, Idaho, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Driggs Urban Renewal Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of Driggs Urban Renewal Agency, as of September 30, 2017, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the budgetary comparison information on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2018, on our consideration of Driggs Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
January 25, 2018

Driggs Urban Renewal Agency

Statement of Net Position

September 30, 2017

	Governmental Activities
ASSETS	
Cash	325,162
Property tax receivable	1,386
Prepaid insurance	1,923
	<hr/>
Total assets	328,471
	<hr/>
LIABILITIES	
Accounts payable	146
	<hr/>
Total liabilities	146
	<hr/>
NET POSITION	
Unrestricted	328,325
	<hr/>
Total net position	328,325
	<hr/> <hr/>

The accompanying notes are an integral part of these statements.

Driggs Urban Renewal Agency

Statement of Activities
For the Year Ended September 30, 2017

Functions / Programs	Expenses	Charges for services	Program Revenues		Net (expense) revenue and changes in net assets
			Operating grants and contributions	Capital grants and contributions	Total governmental activities
Governmental activities					
Accounting and administrative fees	15,364				(15,364)
Office, insurance and other	6,637				(6,637)
Legal and professional	7,244				(7,244)
Other projects	105,543				(105,543)
Senior center support	7,440				(7,440)
Total governmental activities	142,228	0	0	0	(142,228)
General revenues					
Property taxes					198,178
Interest income					65
Total general revenues					198,243
Change in net position					56,015
Net position - beginning					272,310
Net position - ending					328,325

The accompanying notes are an integral part of these statements.

Driggs Urban Renewal Agency

Combined Balance Sheet
Governmental Funds
September 30, 2017

	Main St. Special Revenue Fund	Front St. Special Revenue Fund	Total Special Revenue Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	320,792	4,370	325,162
Property tax receivable - delinquent	1,386		1,386
Due from other funds	5,000		5,000
Prepaid insurance	1,923		1,923
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>329,101</u>	<u>4,370</u>	<u>333,471</u>
 LIABILITIES			
Due to other funds		5,000	5,000
Accounts payable	146		146
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>146</u>	<u>5,000</u>	<u>5,146</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,386		1,386
	<u> </u>	<u> </u>	<u> </u>
 FUND EQUITY			
Unassigned	327,569	(630)	326,939
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund equity	<u>329,101</u>	<u>4,370</u>	<u>333,471</u>
 Total governmental fund equity			 326,939
 Property taxes receivable expected to be collected this year but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.			 <u>1,386</u>
 Net position of governmental activities			 <u>328,325</u>

The accompanying notes are an integral part of these statements.

Driggs Urban Renewal Agency

Governmental Fund Types
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended September 30, 2017

	Main St. Special Revenue Fund	Front St. Special Revenue Fund	Total Special Revenue Funds
REVENUES			
Property taxes	198,030		198,030
Interest income	65		65
	198,095	0	198,095
EXPENDITURES			
Accounting and administrative fees	15,364		15,364
Office, insurance, and other	6,007	630	6,637
Legal and professional	7,244		7,244
Project expense	105,543		105,543
Senior Center support	7,440		7,440
	141,598	630	142,228
Revenues over (under) expenditures	56,497	(630)	55,867
OTHER FINANCING SOURCES (USES)			
	0	0	0
Revenues and other financing sources over (under) expenditures and other financing uses	56,497	(630)	55,867
Fund balance as of October 1, 2016	271,072	0	271,072
Fund balance as of September 30, 2017	327,569	(630)	326,939
Net change in fund balances - total governmental funds			55,867
Because some property taxes will not be collected for several months after the Agency's fiscal year ends, they are not considered "available" revenues in the governmental funds. Unavailable tax revenues decreased from the previous year.			148
Change in net position of governmental activities			56,015

The accompanying notes are an integral part of these statements.

Driggs Urban Renewal Agency

Notes to Financial Statements
September 30, 2017

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Reporting Entity. The Driggs Urban Renewal Agency (the Agency) was created by a resolution from the Driggs City Council dated April 6, 2004. The Agency is authorized under the provisions of the Idaho Urban Renewal Law of 1965, as amended (Chapter 20, Title 50, Idaho Code). The original Urban Renewal area is known as the “Main Street Project.” In November 2016, the City of Driggs approved an ordinance (Ordinance No. 375-16) approving the “Urban Renewal Plan for the Front Street Urban Renewal Project”, which includes revenue allocation financing provisions, to redevelop a portion of the City. The Front Street Project area and plan for improvements are defined in the Urban Renewal Plan for the Front Street Urban Renewal Project. The Agency is required to track revenues and expenses separately for the Front Street Project and its original Main Street Project.

The Agency is a component unit, as defined by generally accepted accounting principles, of the City of Driggs, Idaho (the City), because of its operational or financial relationship with the City. The City appoints the governing body of the Agency.

2. Financial Reporting. The Agency’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the Agency are discussed below.
3. Basic Financial Statements – Government-wide Statements. The Agency’s basic financial statements include both government-wide (reporting the Agency as a whole) and fund financial statements (reporting the Agency’s major funds) in combined statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Agency’s activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.
4. Basic Financial Statements – Fund Financial Statements. The financial transactions of the Agency are reported in individual funds in the combined financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Major individual funds are reported as separate columns in the fund financial statements.

The following governmental fund types are used by the Agency: The Special Revenue Funds consists of two Revenue Allocation Funds used to account for the property taxes received by the Agency and to disburse payments on the obligations of the Agency. The Main Street special revenue fund is the only major fund of the Agency and the Front street special revenue fund is the only non-major fund of the Agency.

5. Basis of Accounting. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: Governmental activities in the combined government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available.

Driggs Urban Renewal Agency

Notes to Financial Statements
September 30, 2017

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

“Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

6. Budget. A budget was adopted for the Special Revenue Fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.
7. Cash and Cash Equivalents. Cash and cash equivalents include demand deposits held by Wells Fargo Bank. For deposits and investments, custodial credit risk 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 deposits, investments, or collateral securities that are in the possession of any outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements.
8. Fair Value Measurements. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency has no investments or other assets subject to fair value measurements.
9. Deferred Outflows / Inflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has no items that qualify for reporting in this category.

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

10. Fund Balance. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

Driggs Urban Renewal Agency

Notes to Financial Statements
September 30, 2017

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

In the governmental fund financial statements, fund balances are reported in five classifications.

<i>Nonspendable</i>	Inventories represent fund balance amounts that are not in spendable form. The Agency has no inventories.
<i>Restricted</i>	Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
<i>Committed</i>	Committed is that portion of fund balance that has been approved by the highest level of formal action of the Agency and does not lapse at year-end.
<i>Assigned</i>	Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
<i>Unassigned</i>	Fund balance that has not been reported in any other classification.

- Net Position Flow Assumption. Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted – net position is applied.
- Revenues and Property Taxes. Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied.

In accordance with Idaho State law, property taxes are levied in September for each calendar year. All the personal taxes and half the real property taxes are due by December 20. The second half of the real property taxes are due by June 20. Property taxes attach as an enforceable lien as of January 1 of the following year. Notice of foreclosure is filed by the county clerk three years from the date of delinquency.
- Expenditures. Expenditures are recognized when the related fund liability is incurred. The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.
- Insurance. The Agency is exposed to certain risks of loss due to general liability, wrongful acts, faithful performance, and crime. The Agency has elected to transfer these risks through the purchase of insurance from a commercial enterprise. Settled claims have not exceeded insurance coverage for the past three years.
- Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the Agency to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Driggs Urban Renewal Agency

Notes to Financial Statements
September 30, 2017

NOTE B CASH

At year-end, the carrying amount of the Agency's deposits was \$322,162 with a bank balance of \$387,190.

Credit risk - The Agency's deposits at year end are limited to bank deposits with one bank. The Agency has reduced its concentration of credit risk by maintaining minimal deposits.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. As of September 30, 2017, \$137,190 was not covered by federal depository insurance.

NOTE C CAPITAL ASSETS

As of September 30, 2017, the Agency had no capital assets. Management of the Agency has determined that all capital assets would be owned by the City of Driggs, Idaho.

NOTE D DEFICIT FUND BALANCE

The Front Street special revenue fund is in a deficit position of \$630 at September 30, 2017. This amount is expected to be collected from the future tax increment revenues.

NOTE E LEASES

The Agency entered into a one year lease agreement for office space in the amount of \$225 a month. Future minimum lease payments are \$2,700 in fiscal 2018.

NOTE F COMMITMENTS AND CONTINGENCIES

Based on its fiscal year 2018 budget approval and subsequent board actions, the Agency has committed a total of \$225,000 for fiscal year 2018 and an additional \$100,000 for fiscal year 2019 for the Depot Street project. The Agency has also committed \$36,500 for fiscal year 2018 for the Transit Center project. The Agency has not entered into any other formal commitments, but has budgeted for projects throughout the City of Driggs, Idaho and within the Agency's boundaries.

NOTE G ECONOMIC DEPENDENCY

The Agency receives approximately 61% of its tax revenue from three entities.

NOTE H RELATED PARTY TRANSACTIONS

During the year ended September 30, 2017, the Agency paid \$105,543 to the City of Driggs, Idaho for project costs.

NOTE I SUBSEQUENT EVENTS

Management of the Agency evaluated subsequent events through January 25, 2018, which was the date the financial statements were available to be issued. Other than those noted above, there were no other subsequent type events, identified by management of the Agency, that are required to be disclosed.

REQUIRED SUPPLEMENTAL INFORMATION

Driggs Urban Renewal Agency

Main Street Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
-Budget to Actual-
For the Year Ended September 30, 2017

	Original/Final Budget	Actual	Variance
REVENUES			
Property taxes	235,000	198,030	(36,970)
Interest	0	65	65
Total revenues	<u>235,000</u>	<u>198,095</u>	<u>(36,905)</u>
EXPENDITURES			
Accounting and administrative fees	16,000	15,364	636
Office, insurance, and other	5,750	6,007	(257)
Legal and professional	11,000	7,244	3,756
Project expense	394,800	105,543	289,257
Senior center support	7,450	7,440	10
Total expenditures	<u>435,000</u>	<u>141,598</u>	<u>293,402</u>
Revenues over (under) expenditures	(200,000)	56,497	256,497
OTHER FINANCING SOURCES (USES)			
Debt service payments	<u>0</u>	<u>0</u>	<u>0</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(200,000)</u>	56,497	<u>256,497</u>
Fund balance as of October 1, 2016		<u>271,072</u>	
Fund balance as of September 30, 2017		<u><u>327,569</u></u>	

The accompanying notes are an integral part of these statements.



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

Board of Directors
Driggs Urban Renewal Agency
Driggs, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and its major fund of Driggs Urban Renewal Agency as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Driggs Urban Renewal Agency’s basic financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Driggs Urban Renewal Agency’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Driggs Urban Renewal Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of Driggs Urban Renewal Agency’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Driggs Urban Renewal Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wipfli LLP

Wipfli LLP
CPAs and Consultants

Idaho Falls, Idaho
January 25, 2018