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Financial Statements

Urban Renewal Agency of the City of McCall
Includes Supplementary Information
Year Ended September 30, 2024



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Urban Renewal Agency of the City of McCall
McCall, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of Urban Renewal Agency of the City of McCall, (the Agency), a component unit of the City of McCall as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Agency as of September 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Harris CPAs P.C.

Meridian, Idaho
March 13, 2025

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
STATEMENT OF NET POSITION
September 30, 2024

ASSETS

Assets	
Cash and investments	$ 754,974
Property taxes receivable	382,790
Other receivables	2,954
Total Assets	$ 1,140,718

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

Current Liabilities	
Accounts payable	$ 7,031
Total Current Liabilities	7,031
Deferred Inflows - Property Taxes	376,745
Net Position	
Restricted	756,942
Total Liabilities, Deferred Inflows, and Net Position	$ 1,140,718

See accompanying notes to the basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

	Net (Expense) Revenue and Changes in Net Position
Governmental Activies	
Program expenses	$ (14,981)
General Revenues and Transfers	
Property taxes	288,772
Payments (to) from City of McCall	(7,500)
Earnings on investment	28,359
Total General Revenues and Transfers	309,631
Change in Net Position	294,650
Net Position	
Beginning of Year	462,292
End of Year	$ 756,942

See accompanying notes to the basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2024

ASSETS

Assets		
Cash and investments	$	754,974
Property taxes receivable		382,790
Other receivables		2,954
Total Assets	$	1,140,718

LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES

Liabilities		
Accounts payable	$	7,031
Total Liabilities		7,031
Deferred Inflows - Property Taxes		378,856
Fund Balances		
Restricted		754,831
Total Liabilities, Deferred Inflows, and Fund Balances	$	1,140,718

See accompanying notes to the basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET –TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balance - total governmental funds	$	754,831
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Some of the Agency's revenues will be collected after year-end but are not available soon enough to pay the current period's expenditures therefore are reported as unavailable revenue in the funds		2,111
Total net position of governmental activities	$	756,942

See accompanying notes to the basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

Revenues	
Property taxes	$ 286,661
Earnings on investments	28,359
Total General Revenues	315,020
Expenditures	
Program expense	14,981
Excess of Revenues Over Expenditures	300,039
Other Financing Sources	
Transfers from (to) City of McCall	(7,500)
Net Change in Fund Balances	292,539
Fund Balances	
Beginning of Year	462,292
End of Year	$ 754,831

See accompanying notes to the basic financial statements

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
RECONCILIATION OF THE GOVERNMENAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – TO THE STATEMENT OF ACTIVITES
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds	$ 292,539
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues that will not be collected for several months after the City's fiscal year-end do not provide current finanical resources and are deferred in the govermental funds	2,111
Change in Net Position of Governmental Activities	$ 294,650

See accompanying notes to the basic financial statements

Note A – Significant Accounting Policies

Financial Reporting Entity

The Urban Renewal Agency of the City of McCall, Idaho (the Agency) (a component unit of the City of McCall, Idaho), was organized on May 10, 1990 under the Idaho Urban Renewal Law, Chapter 20, Title 50 of the Idaho Code. The Agency was established for the purpose of improving areas within the City of McCall that were deteriorating. The improvements and maintenance aim to further develop the area to improve public health, safety and welfare.

The accompanying financial statements present the activities of the Agency. The Agency is considered a component unit of the City because it is a legally separate organization for which the City is financially accountable and because the supervisory board for the Agency is appointed by the Mayor with the City Council's approval.

The City provides certain administrative services at no cost to the Agency.

General Statement

The financial statements of the Agency are prepared in accordance with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent sections of this note.

Basis of Presentation

Government-Wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Agency. All interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific program.

Note A – Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Program revenues include (1) fees, fines, rent, and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements: Separate financial statements are provided for governmental funds. Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The *General Fund* is the Agency's only fund. It accounts for all financial resources of the Agency, as none are required to be accounted for in another fund. The General Fund is presented in the fund financial statements.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual* basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note A – Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are 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.

For this purpose, the Agency considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Budgetary Control

Annual budgets are adopted on a basis consistent with state code and generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

Cash and Investments

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. Investments for the Agency are reported at fair value.

Receivables

Non-tax receivables are recognized as revenues received from the granting agency if designated for the current fiscal period.

Note A – Significant Accounting Policies (Continued)

Net Position Classifications

Government-Wide Statements: Net position is displayed in three components as follows:

Net investment in capital assets – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other US, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Fund statements: Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned.

The Agency's sole source of revenue is property tax by virtue of Idaho statutes governing urban renewal agencies is considered restricted. Any remaining fund balance would therefore be considered restricted. The restricted general fund balance may only be appropriated by resolution of the City of McCall Urban Renewal Agency in accordance with Idaho statutes governing budget appropriations. Fund balances created from other revenue sources than property tax, that is not otherwise explicitly restricted may be committed or assigned for a specific project by formal action of the City of McCall Urban Renewal Agency Commissioners.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the Agency considers restricted funds to have been spent first. As of September 30, 2024, fund balance is comprised of property tax revenues restricted for debt service and infrastructure projects, which is the designated purpose of the urban renewal agency.

Use of Estimates

The Agency uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Note A – Significant Accounting Policies (Continued)

Property Tax Calendar

The Agency's property tax is levied each October on the value listed as of the prior January 1 for the Agency's proportion of real property located in the City. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years.

Under Idaho Code Section 50-235, the Agency cannot levy taxes over nine-tenths percent (.9%) of the total Agency's adjusted market value for real property located within the City. Taxes are due in two installments on December 20 and June 20 following the levy date. Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual* basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. For this purpose. The Agency considers revenues to be available if they are collected within 60 days after year end. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Sales taxes collected and held by the state at year end on behalf of the government also are recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows or resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2024, deferred inflows represented property taxes receivable unavailable for current use.

Note B – Cash and Investments

At September 30, 2024, the Agency's cash and investments consisted of the following:

	Carrying Amount	Bank Balance
Cash		
Bank deposits	$ 58,328	$ 70,989
Investments		
Local Government Investment Pool	696,646	696,646
Total cash and investments	$ 754,974	$ 767,635

Investment in State Investment Pools

The District is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP). The LGIP is regulated by State of Idaho code under the oversight of the Treasurer of the State of Idaho

Investments in LGIP is valued using the net asset per share as they do not have readily obtainable fair values and are instead valued based on the District's pro-rata share of the pool's net position. The District values these investments based on information provided by the State of Idaho's Treasurer's Office. The LGIP is not rated for by a national recognized rating agency for the purpose of credit risk. The State Treasurer is responsible of insuring and collateralizing deposits and investments in LGIP. The following table presents unfunded commitments, redemption frequency and the redemption notice period for the District's investments measured at net asset value

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Local Government Investment Pool	$ 696,646	None	Next Business Day	3 Days; Over $10,000,000

Custodial Credit Risk – Deposits

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 an outside party. The Agency does not have a formal policy limiting its exposure to custodial credit risk. At September 30, 2024 none of the Agency's bank balance was uninsured or uncollateralized.

Note B – Cash and Investments (Continued)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligation. It is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The Local Government Investment Pool (LGIP) is not rated. The funds objectives and overall strategy and structure have not changed.

Interest Rate Risk

Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. The Agency does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The investments within the Idaho State Treasurer's Local Government Investment Pool have an average maturity of one year or less.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Agency does not have a formal policy for investments.

Note C –Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance.

Note D – Payments Made to the City of McCall

During the year ended September 30, 2024, the Agency made payments totaling $7,500 to the City of McCall to help fund various projects that involved urban renewal improvements. These payments have been shown as other financing uses on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY OF THE CITY OF MCCALL, IDAHO
GENERAL FUND – STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Budget Original and Final	Actual	Variance
Revenues			
Property taxes	$ 275,000	$ 286,661	$ 11,661
Earnings on investments	10,000	28,359	18,359
Reserved revenue	232,306		(232,306)
Total Revenue	517,306	315,020	(202,286)
Expenditures			
Program expense	25,500	14,981	10,519
Capital outlay-reserved	491,806		491,806
Total Expenditures	517,306	14,981	502,325
Excess of Revenues Over Expenditures		300,039	300,039
Other Financing Sources (Uses)			
Transfer to City of McCall		(7,500)	(7,500)
Total Other Financing Sources (Uses)		(7,500)	(7,500)
Net Change in Fund Balance		292,539	292,539
Fund Balance			
Beginning of Year		462,292	462,292
End of Year	$	$ 754,831	$ 754,831

FEDERAL REPORT

HARRIS
CPAs P.C.

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

To the Board of Commissioners
Urban Renewal Agency of the City of McCall
McCall, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Urban Renewal Agency of the City of McCall, (the Agency), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Harris CPAs P.C.

Meridian, Idaho
March 13, 2025