

**KETCHUM URBAN RENEWAL AGENCY**

**KETCHUM, IDAHO**

**Financial Statements  
at September 30, 2014**

**KETCHUM URBAN RENEWAL AGENCY  
KETCHUM, IDAHO**

**Table of Contents**

Independent Auditor's Report	1-2
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11
Budgetary Comparison Schedule	12
Schedule of Bond Principal and Interest Requirements	13
Report on Compliance and on Internal Control	14



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

Independent Auditor's Report

November 7, 2014

Board of Commissioners  
Ketchum Urban Renewal Agency  
Ketchum, Idaho

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of the Ketchum Urban Renewal Agency (Agency), a component unit of the City of Ketchum, Idaho, as of and for the year ended, September 30, 2014, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Ketchum Urban Renewal Agency, as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

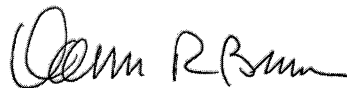
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis and budgetary comparison information (page 12) be included in the financial statements. Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. My opinion on the basic financial statements is not affected by this missing information. I have applied certain limited procedures to the required supplementary information (budgetary comparison 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated November 7, 2014, on my consideration of the Ketchum Urban Renewal Agency's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



DENNIS R BROWN  
Certified Public Accountant  
Twin Falls, Idaho

**KETCHUM URBAN RENEWAL AGENCY**  
**Statement of Net Position**  
**at September 30, 2014**

	<u>Total Primary Government</u>	<u>Total Reporting Entity</u>
<b><u>ASSETS</u></b>		
Cash and Deposits	\$ 843,913	\$ 843,913
Restricted Cash and Deposits	549,717	549,717
Accounts and Property Tax Receivable	9,122	9,122
Unamortized Bond Discounts	145,814	145,814
Unamortized Pre-Issuance Bond Costs	68,133	68,133
Total	1,616,699	1,616,699
Capital Assets:		
Land, Buildings and Improvements	5,635,845	5,635,845
Fourth Street Corridor Improvements	1,000,000	1,000,000
Less Accumulated Depreciation	(176,932)	(176,932)
Total Capital Assets	6,458,913	6,458,913
<b>Total Assets</b>	8,075,612	8,075,612
<b><u>LIABILITIES</u></b>		
Accrued Interest Payable	145,678	145,678
Long-term Liabilities:		
Portion due or payable within one year:		
Bonds Payable	95,000	95,000
Portion due or payable after one year:		
Bonds Payable	6,150,000	6,150,000
<b>Total Liabilities</b>	6,390,678	6,390,678
<b><u>NET POSITION</u></b>		
Invested in Capital Assets - net of related debt	213,913	213,913
Restricted For:		
Capital Projects	0	0
Debt Service	549,717	549,717
Affordable Housing	921,304	921,304
Unrestricted	0	0
<b>Total Net Position</b>	\$ 1,684,934	\$ 1,684,934

The accompanying notes are a part of these financial statements.

**KETCHUM URBAN RENEWAL AGENCY**  
**Statement of Revenue, Expenses,**  
**and Changes in Net Position**  
**for the year ended September 30, 2014**

**Operating Revenues:**

Tax Levy Revenues	\$ 756,661
Earnings on Investments	763
Rent Revenue	48,100
Refunds and Reimbursements	29,629
Penalty and Interest on Taxes	<u>3,512</u>

Total Operating Revenue: \$ 838,665

**Operating Expenses:**

Labor and Taxes	71,684
Labor Benefits	16,544
Professional Fees	58,796
Advertising/Publications	3,370
Insurance	3,019
Utilities	16,821
Administrative Expenses	37,878
Interest Expense	317,752
Community Development	61,247
Repairs	19,958
Office Expense	378
Depreciation	45,644
Amortization	10,188
Miscellaneous	<u>2,050</u>

Total Operating Expenses 665,329

**Operating Income** 173,336

**Total Net Position - Beginning** 1,511,598

**Total Net Position - Ending** \$ 1,684,934

The accompanying notes are a part of these financial statements.

**KETCHUM URBAN RENEWAL AGENCY**  
**Statement of Cash Flows**  
**for the year ended September 30, 2013**

**Cash Flows From Operating Activities:**

Receipts from other governments	\$ 761,032	
Receipts from customers	48,100	
Payments to suppliers and vendors	(203,517)	
Payments to employees and volunteers	(88,228)	
Other receipts	<u>33,141</u>	
Net cash provided (used) by operations		\$ 550,528

**Cash Flows From Capital Related Financing Activities:**

Payment of Debts	(80,000)	
Interest Paid	<u>(318,668)</u>	
Net cash provided by capital and related financing activities		(398,668)

**Cash Flows From Investing Activities:**

Purchase of Capital Assets		
Interest Income	<u>762</u>	
Net cash used by investing activities		<u>762</u>

**Net Increase (Decrease) in Cash and Equivalents** 152,622

**Balances - Beginning of the year** 1,241,008

**Balances - Ending of the year** \$ 1,393,630

Displayed as:

Cash and Deposits	843,913	
Restricted Cash and Deposits	<u>549,717</u>	

**Balances - Ending of the year** \$ 1,393,630

**Reconciliation of Operating Income to Net Cash**

**Provided (Used) by Operating Activities:**

Operating Income	173,336	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Net Interest Earnings/Expense	316,835	
Add back depreciation and amortization	55,832	
Change in assets and liabilities:		
Accounts Receivable	<u>4,525</u>	

**Net Cash Provided (Used) by Operating Activities:** \$ 550,528

The accompanying notes are a part of these financial statements.

**KETCHUM URBAN RENEWAL AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Ketchum Urban Renewal Agency (the Agency) was created for the purpose of redeveloping and rehabilitating certain deteriorating areas in the City of Ketchum, Idaho, and was established by a resolution from the Ketchum City Council dated April 3, 2006. The Agency is authorized under provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

The Agency is a component unit, as defined by generally accepted accounting principles, of the City of Ketchum, Idaho, because of its operational and financial responsibility with the City. The City of Ketchum appoints the governing body of the Agency.

The financial statements of the Ketchum Urban Renewal Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the Agency.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Agency's activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded 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.

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 the Agency receives cash.

The Agency reports the following major governmental fund:

- The *General Fund* is the Agency's primary operating fund. It accounts for all financial resources of the Agency.

Budgetary Policy

The Agency prepares a budget for its general fund operations. The statement of revenues and expenditures and changes in fund balances and actual-general fund presents comparison of the legally adopted budget with the actual data on a budgetary basis.



**KETCHUM URBAN RENEWAL AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2014**

Continued—

Under Idaho Code, the Agency's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, except as allowed by the Code for certain events.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Agency because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Capital Assets

Capital Assets, which include land, building and improvements, and furniture and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

The Agency currently owns property held for future development. No depreciation is recorded.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change. The Agency further restricts certain resources for affordable housing within the boundaries of the City of Ketchum.

**2. PROPERTY TAXES**

Property taxes are billed and collected within the same period in which the taxes are levied. The Agency does not levy property taxes; however, it is entitled to the taxes levied on the increase in assessed valuation of real and personal property within its jurisdiction that occur after January 1, 2006.

In accordance with Idaho law, property taxes are levied in September for each calendar year. All personal taxes and one-half of real property taxes are due by December 20. The second half of the real property taxes is due by June 20. Tax levies on such assessed values are certified to the County prior to the commencement of the fiscal year.

**KETCHUM URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

Continued—

Taxes are collected by Blaine County and remitted to the Agency primarily in January and July of the fiscal year. The Agency defers recognition of property taxes assessed but not collected within 60 days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

**3. CASH AND DEPOSITS**

*Deposits:* Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Agency has no deposit policy for custodial credit risk. At year end, \$250,000 of the Agency's bank balance was not exposed to custodial credit risk because it was insured by the FDIC and the remaining \$271,348 was exposed to custodial credit risk.

*Investments:* Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Agency held the following investments:

Investment Type

Idaho State Local Government Investment Pool     \$ 872,282.

These investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: Asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the Agency voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body - oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. And the fair value of the Agency's position in the external investment pool is the same as the value of the pool shares.

*Credit Risk:* The Agency's policy is to comply with Idaho State statutes which authorize the Agency to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

*Interest rate risk and concentration of credit risk:* The Agency has no policy regarding these two investment risk categories.

The Agency maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is presented on the combined balance sheet as "Cash and Deposits".

Cash and Deposits are comprised of the following at the financial statement date:

Cash on Hand	\$        0
Deposits with financial institutions:	
Demand deposits	521,348
State of Idaho Investment Pool	<u>872,282</u>
Total	<u>\$1,393,630</u>

**KETCHUM URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

Continued—

**4. RESTRICTED ASSETS AND BOND DISCOUNTS**

On August 19, 2010 the Agency created restricted cash deposits for bond contingencies. (See Note 6) Additionally the bonds were sold at a discount that will be amortized with bond originating costs over the life of the bonds.

In fiscal year ended September 30, 2007, the URA purchased real property formerly known as the Dollhouse located at 1<sup>st</sup> & Washington in Ketchum in the sum of \$2.25 million. The down payment for the purchase of the 1<sup>st</sup> & Washington property of \$707,914 was obtained by the URA as a transfer from the City Of Ketchum's restricted In Lieu Affordable Housing Fund. Since that time, the City Of Ketchum's restricted In Lieu Affordable Housing Fund has transferred to the URA an additional \$147,916 to pay interest on the debt associated with the 1<sup>st</sup> & Washington property as well as to make necessary repairs to the 1<sup>st</sup> & Washington property. On April 12, 2011, \$640,000 of restricted fund value was transferred to the 1<sup>st</sup> & Washington property from the Mountain West Bank Building. Accordingly, \$1,495,830 of the value of the 1<sup>st</sup> & Washington property continues to be restricted to future affordable housing purposes.

In fiscal year ended September 30, 2008, the URA purchased real property formerly known as the Mountain West Bank building located at Sun Valley Rd. and East Ave. in Ketchum in the sum of \$3.2 million. The down payment for the purchase of the Mountain West Bank building property of \$640,000 was obtained by the URA as a transfer from the City Of Ketchum's restricted In Lieu Affordable Housing Fund. \$640,000 of the value of the Mountain West Bank building property was restricted to future affordable housing purposes. This \$640,000 of restricted fund value was transferred to the 1<sup>st</sup> & Washington property on April 12, 2011. There is no further restriction on the value of the Mountain West Bank Building.

**5. GENERAL FIXED ASSETS**

Capital asset activity for the year ended September 30, 2014 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being				
Depreciated:				
Land				
Sun Valley Road	\$ 1,200,000	\$ --	\$ --	\$ 1,200,000
Land				
Second & Washington	2,294,746			2,294,746
Fourth Street Corridor				
Improvements	<u>1,000,000</u>			<u>1,000,000</u>
Total capital assets, not				
Being depreciated	<u>\$ 4,494,746</u>	\$ --	\$ --	<u>\$ 4,494,746</u>

**KETCHUM URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

Note 5 - Continued

Capital assets being depreciated:

Building				
Sun Valley Road	\$ 2,000,000	\$ --	\$ --	\$ 2,000,000
Capital Improvements				
Sun Valley Road	141,099	--	--	141,099
Accumulated Depreciation	<u>( 131,288)</u>	<u>          </u>	<u>(45,644)</u>	<u>(176,932)</u>
Total capital assets				
Being depreciated	<u>\$ 2,009,811</u>	\$ --	<u>(45,644)</u>	<u>\$ 1,964,167</u>

6. LONG-TERM DEBT

On August 19, 2010 the Agency sold \$ 6,440,000 of Revenue Allocation (Tax Increment) Refinancing Bonds, Series 2010. The proceeds from this bond issuance paid three notes held previously in the Agency. The bond servicing agent is U.S. Bank N.A. A summary of future payments of principle and interest follows the notes to these financial statements. The bond ordinance created restricted cash for a reserve in the amount of \$ 549,625 for payments of principle and interest in the event of default by the agency.

Long-term debt at September 30, 2014 is as follows:

	<u>Interest Rate</u>	<u>Fiscal Year</u>	<u>Balance</u>
Bonds payable	Var. 2 – 5.5%	2014-2035	\$ 6,245,000

The following is a summary of the principal due over the next four and subsequent five year increments:

2015	\$	95,000
2016		110,000
2017		120,000
2018		140,000
2019		160,000
2020-2024		1,175,000
2025-2029		1,710,000
2030-2035		<u>2,735,000</u>
Total	\$	<u>6,245,000</u>

**KETCHUM URBAN RENEWAL AGENCY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

Continued—

**7. RETIREMENT PLAN**

The Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website, [www.persi.idaho.gov](http://www.persi.idaho.gov).

The Ketchum Urban Renewal Agency reimburses the City of Ketchum, Idaho for the use of City employee time in the performance of Agency administration. This reimbursement includes the following payments to PERSI.

The actuarially determined contribution requirements of the City and its employees are established and may be amended by the PERSI Board of Trustees. For the current year, the required contribution rate as a percentage of covered payrolls for members was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. The City contributions required and paid were \$4,401, \$ 5,402, and \$ 5,037 for the three years ended September 30, 2014, 2013, and 2012 respectively.

**8. LITIGATION**

The Agency, at the financial statement date, is not involved in any material disputes as either plaintiff or defendant.

**9. RISK MANAGEMENT**

The Agency is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; injuries to the general public; and natural disasters. The Agency carries commercial insurance coverage for these risks to the extent deemed prudent by the board of commissioners.

**KETCHUM URBAN RENEWAL AGENCY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the year ended September 30, 2014**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
<b>REVENUES:</b>			
Property taxes - Tax Increment Revenues	\$ 708,763	\$ 756,661	\$ 47,898
Penalty and Interest on Taxes	1,500	3,512	2,012
Rent Revenue	44,000	48,100	4,100
Miscellaneous Revenue	77,974	29,629	(48,345)
Earnings on investments	500	763	263
	<u>832,737</u>	<u>838,665</u>	<u>5,928</u>
<b>EXPENDITURES:</b>			
Labor and Taxes	57,821	71,684	(13,863)
Labor Benefits	19,463	16,544	2,919
Professional Fees	50,000	58,796	(8,796)
Advertising/Publications	4,000	3,370	630
Insurance	2,465	3,019	(554)
Utilities	12,000	16,821	(4,821)
Administrative Expenses	37,645	37,878	(233)
Interest Expense	320,343	317,752	2,591
Repairs		19,958	(19,958)
Office Expense	2,500	378	2,122
Payment on Principle Debt/Depreciation	80,000	80,000	0
Contingency	35,000	0	35,000
Miscellaneous	1,500	2,050	(550)
Capital Outlay	210,000	61,247	148,753
	<u>832,737</u>	<u>689,497</u>	<u>143,240</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>0</u>	<u>149,168</u>	<u>149,168</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Difference in Depreciation, Capital Outlay and Debt Service	<u></u>	<u>24,168</u>	<u>24,168</u>
<b>NET CHANGE IN FUND BALANCE</b>	0	173,336	\$ <u>173,336</u>
<b>NET POSITION - BEGINNING</b>	<u>1,511,598</u>	<u>1,511,598</u>	
<b>NET POSITION - ENDING</b>	<u>\$ 1,511,598</u>	<u>\$ 1,684,934</u>	

The accompanying notes are a part of these financial statements.

**KETCHUM URBAN RENEWAL AGENCY**  
**Bond-Future Principal and Interest Requirements**  
**at September 30, 2014**

	Annual Payment			
	Interest Rate	Fiscal Year	Principal Payment	Interest Payment
\$6,440,000 Revenue Allocation Refinancing				
Bonds, Series 2010				
2.0% - 5.5%				
2.75%	2015	\$ 95,000	\$ 316,536	
3.25%	2016	110,000	313,443	
3.50%	2017	120,000	309,555	
4.00%	2018	140,000	304,655	
4.25%	2019	160,000	298,455	
4.50%	2020	180,000	291,005	
4.50%	2021	200,000	282,455	
4.75%	2022	240,000	272,255	
4.80%	2023	260,000	260,315	
5.00%	2024	295,000	246,700	
5.00%	2025	310,000	231,575	
5.30%	2026	325,000	215,212	
5.30%	2027	340,000	197,590	
5.30%	2028	360,000	179,040	
5.30%	2029	375,000	159,562	
5.30%	2030	400,000	139,025	
5.50%	2031	420,000	116,875	
5.50%	2032	440,000	93,225	
5.50%	2033	465,000	68,338	
5.50%	2034	490,000	42,075	
5.50%	2035	520,000	14,300	
		\$ 6,245,000	\$ 4,352,191	

The accompanying notes are a part of these financial statements.



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

**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**

November 7, 2014

To the Board of Commissioners  
Ketchum Urban Renewal Agency

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Ketchum Urban Renewal Agency (Agency), a component unit of the City of Ketchum, Idaho, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 7, 2014.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered 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 the Agency's internal control. Accordingly, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Dennis R. Brown". The signature is written in a cursive, flowing style.

DENNIS R. BROWN  
Certified Public Accountant  
Twin Falls, Idaho