



Financial Statements
September 30, 2011

**Garden City, Idaho Urban Renewal
Agency**
A Component Unit of the City of Garden City,
Idaho

Garden City, Idaho Urban Renewal Agency

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Independent Auditor's Report

Members of the Board of Commissioners
Garden City, Idaho Urban Renewal Agency, a component
unit of the City of Garden City, Idaho

We have audited the accompanying financial statements of the governmental activities of the Garden City, Idaho Urban Renewal Agency, (the Agency), a component unit of the City of Garden City, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Garden City, Idaho Urban Renewal Agency, as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the Agency adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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, 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.

The Garden City, Idaho Urban Renewal Agency has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined necessary to supplement, although not required to be a part of, the basic financial statements.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho
December 09, 2011

Garden City, Idaho Urban Renewal Agency
Component Unit of the City of Garden City
Statement of Net Assets and Governmental Fund Balance Sheet
September 30, 2011

	Special Revenue Fund	Adjustments (Note 2)	Statement of Net Assets
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,349,753	\$ -	\$ 1,349,753
Receivables			
Property taxes	908,197	-	908,197
Interest	206	-	206
Total assets	\$ 2,258,156	\$ -	\$ 2,258,156
Liabilities			
Current Liabilities			
Accounts payable	\$ 900	\$ -	\$ 900
Due to primary government	26,811	-	26,811
Deferred revenue	878,144	(93,317)	784,827
Total liabilities	905,855	(93,317)	812,538
Fund Balance/Net Assets			
Fund balance			
Restricted	1,352,301	(1,352,301)	-
Total Liabilities and Fund Balances	\$ 2,258,156		
Net assets			
Unrestricted		1,445,618	1,445,618
		\$ -	\$ 2,258,156

Garden City, Idaho Urban Renewal Agency
Component Unit of the City of Garden City
Statement of Activities and Governmental Fund Statement of Revenues,
Expenditures, and Changes in Fund Balances
Year Ended September 30, 2011

	Special Revenue Fund	Adjustments (Note 3)	Statement of Net Assets
Expenditures			
Operational expenditures	\$ 20,454	\$ -	\$ 20,454
Reimbursed capital expenditures	432,557		432,557
Donation of capital assets	24,660	-	24,660
Total expenditures	<u>477,671</u>	<u>-</u>	<u>477,671</u>
General Revenues			
Property tax	876,481	(17,404)	859,077
Interest	4,278	-	4,278
Total general revenues	<u>880,759</u>	<u>(17,404)</u>	<u>863,355</u>
Excess of Revenues over Expenditures	<u>403,088</u>	<u>(403,088)</u>	<u>-</u>
Net Change in Fund Balances	403,088	385,684	385,684
Fund Balance/Net Assets, Beginning of year	<u>949,213</u>	<u>110,721</u>	<u>1,059,934</u>
Fund Balance/Net Assets, End of year	<u>\$ 1,352,301</u>	<u>\$ 93,317</u>	<u>\$ 1,445,618</u>

Note 1 - Summary of Significant Accounting Policies

The Garden City, Idaho Urban Renewal Agency (the Agency) is a separate and distinct legal entity of the City of Garden City (the City) created by and existing under the Idaho Urban Renewal Law of 1965, as amended. The Directors for the Agency are appointed by the Mayor and approved by the City Council. The Agency provides urban renewal services for the citizens of the City.

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The accounting and reporting policies of the Agency relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable).

Financial Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Agency is included as a component unit in the City of Garden City, Idaho's financial statements. The Agency provides urban renewal services to the City and its citizens. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Garden City, Idaho in conformity with generally accepted accounting principles.

Government-Wide and Fund Financial Statements

The government-wide column of the financial statements (i.e., the statement of net assets and the statement of activities) reports information on all of the nonfiduciary activities of the primary government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. There were no program revenues in 2011. Taxes and other items are reported instead as *general revenues*.

As allowed under GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*, the Agency is reported as a "Single Governmental Program." This allows for the government-wide financial statements to be combined with the fund level financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide column of the financial statements is reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the entity-wide financial statements. 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. When program expenses are incurred and there are both restricted and unrestricted net assets available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

The governmental fund column of the financial statements is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 to 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, 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 they 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.

The Agency reports the following major governmental funds:

General Funds – The Agency is a general fund. General funds are used for all financial resources except those required to be accounted for in another fund.

Property Taxes Receivable and Deferred Revenue

Property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures.

Available tax proceeds includes property tax receivables expected to be collected within sixty days after year end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they must pay the remaining balance by the following June 20. Since the Agency is on a September 30 fiscal year end, property taxes levied during September for the succeeding year's collection are recorded as deferred revenue at the Agency's year end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for the Agency.

Risk Management

As a component unit of the City of Garden City, Idaho, the Agency is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City and the Agency participate in a public entity risk pool, Idaho Counties Risk Management Pool (ICRMP), for property and liability insurance. The City's and the Agency's exposure to loss from their participation in ICRMP is limited to the extent of their deductible only.

Fund Balances

The Agency implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in Fiscal Year 2011. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The Agency uses the following fund balance categories in the governmental fund column of the financial statements:

Nonspendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to maintain intact.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors. The Agency's sole source of revenue of property tax by virtue of Idaho statutes governing urban renewal agencies is considered restricted.

Committed – Funds may be committed for a specific source by formal action of the Agency. Fund balances created from other revenue sources than property tax that is not otherwise explicitly restricted may be committed for a specific project by formal action of the URA Commissioners.

Assigned – Funds may be committed for a specific source by formal action of the Agency. Fund balances created from other revenue sources than property tax that is not otherwise explicitly restricted may be assigned for a specific project by formal action of the URA Commissioners.

Unassigned – All amounts not included in other spendable classifications.

Budgets

The Agency is required by Idaho State Code to adopt an annual appropriated budget and must be provided to the City of Garden City, Idaho by September 1 of each year.

Note 2 - Explanation of Differences Between the Governmental Funds Balance Sheet and the Statement of Net Assets

“Total fund balances” in the Agency’s governmental fund may differ from the “net assets” of the governmental activities reported in the statement of net assets as a result of the long-term economic focus of the statements of net assets versus the current financial resources focus of the governmental fund balance sheet.

Some of the property taxes receivable are not available to pay for current period expenditures and are, therefore, deferred in the funds. However, in the government-wide statements, only the portion of the receivable that is for future periods is reported as deferred.

\$ 93,317

Note 3 - Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds may differ from the “change in net assets” for governmental activities reported in the statement of activities as a result of the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund.

Some property tax revenue is not available to pay for current period expenditures and are, therefore, deferred in the funds. However, in the government-wide statements, only the portion of the revenue that is for future periods is reported as deferred.

\$ (17,404)

Note 4 - Cash and Investments

Cash and Cash Equivalents

At year-end, the bank balance of the Agency’s deposits was \$467,935. All cash is held in national financial institutions and is insured.

Prior to fiscal year 2011, excess deposits were swept nightly into an investment account under a Repurchase Agreement with the bank. These deposits were uninsured and unregistered but were fully collateralized by the investment purchased under the agreement. The Agency has kept this option available but for the year ending September 30, 2011, the sweep account was not in use.

The Agency also voluntarily invests in the State of Idaho Local Government Investment Pool (LGIP), which does not have a credit rating. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. The LGIP is a part of the Joint Powers Investment Pool managed by the State of Idaho Treasurer’s Office and was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. Oversight is with the Treasurer of the State of Idaho and Idaho Code 67-1210A defines allowable investments. The fair value of the Agency’s investment in the pool is the same as the value of the pool shares.

An annual audit of the Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool. Copies of the report may be obtained from the Idaho State Treasurer’s Office, 700 West Jefferson Street, Suite 126, Boise, Idaho 83702.

As of September 30, 2011, the amount of deposits invested in these cash equivalents is:

Investment Type	Maturities	Fair Value
Cash equivalents		
Money Market	N/A	\$ 172,029
State of Idaho Local Government Investment Pool		
External Investment Pool	114 days	905,097
		\$ 1,077,126

Interest Rate Risk. The Agency’s formal policy is to invest only in vehicles with maturities of one year or less to mitigate exposure to fair value losses caused by changing interest rates.

Credit Risk and Custodial Credit Risk. In the event of a bank failure, the Agency’s deposits may not be returned or an issuer or other counter party to an investment will not fulfill its obligations. The Agency’s formal policy is to only deposit in banks that are FDIC insured and only invest in A grade or higher vehicles for collateralization.

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 Agency has no policy to analyze the benefits of diversification against its costs for each investment. If diversification is considered impracticable, the Agency accepts the risk associated with that concentration. However, the Agency will separate enterprise fund deposits from general fund deposits through the use of different investment vehicles. Idaho Code 67-2739 does limit the total deposits of a state depository.

Note 5 - Related Party Transactions

The Agency partners with the City of Garden City, Idaho for various infrastructure improvements. For the year ended September 30, 2011, the Agency reimbursed the City \$432,557 in improvements and another \$19,664 in improvements was donated to the City. The Agency also has a payable at September 30, 2011 to the City of \$26,811.



Required Supplementary Information
September 30, 2011

Garden City, Idaho Urban Renewal Agency

Garden City, Idaho Urban Renewal Agency
 Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
 Year Ended September 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
General property tax revenue	\$ 750,000	\$ 750,000	\$ 876,481	\$ 126,481
Interest	4,000	4,000	4,278	278
Total revenues	754,000	754,000	880,759	126,759
Expenditures				
Current				
Urban Renewal Agency	39,500	39,500	20,454	19,046
Reimbursed capital expenditures	1,470,000	1,470,000	432,557	1,037,443
Donation of capital assets	-	-	24,660	(24,660)
Total expenditures	1,509,500	1,509,500	477,671	1,031,829
Net Change in Fund Balance	(755,500)	(755,500)	403,088	1,158,588
Fund Balance, Beginning of Year	866,619	866,619	949,213	82,594
Fund Balance, End of Year	\$ 111,119	\$ 111,119	\$ 1,352,301	\$ 1,241,182

Note 1 - Budgets and Budgetary Accounting

The Agency is required by Idaho State Code to adopt an annual appropriated budget and must be provided to the City of Garden City, Idaho by September 1 of each year.

Prior to September 1, the budget is legally enacted through passage at a board meeting.

The budget is adopted on a basis consisted with generally accepted accounting principles (GAAP).

Formal budgetary integration is employed as a management control device during the year.



Supplementary Information
September 30, 2011

Garden City, Idaho Urban Renewal Agency



**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***

Members of the Board of Directors
Garden City, Idaho Urban Renewal Agency, a component
unit of the City of Garden City, Idaho
Garden City, Idaho

We have audited the financial statements of the governmental activities of Garden City, Idaho Urban Renewal Agency, (the Agency), a component unit of the City of Garden City, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 09, 2011. The auditors opinion included an explanatory paragraph on the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Garden City Urban Renewal Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Garden City, Idaho Urban Renewal Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Garden City, Idaho Urban Renewal Agency's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Garden City, Idaho Urban Renewal Agency's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Commissioners and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
December 09, 2011