

EAGLE URBAN RENEWAL AGENCY

FINANCIAL STATEMENTS

Year Ended September 30, 2012

EAGLE URBAN RENEWAL AGENCY
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FINANCIAL SECTION

Independent Auditor's Report

Board of Commissioners
Eagle Urban Renewal Agency

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Urban Renewal Agency (the Agency), a component unit of the City of Eagle, as of and for the year ended September 30, 2012, 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 and each major fund of the Agency as of September 30, 2012 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 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, 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* 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 information listed as required supplemental information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and 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, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Folke CPAs, P.C.

December 17, 2012

BASIC FINANCIAL STATEMENTS

EAGLE URBAN RENEWAL AGENCY

Statement of Net Assets

September 30, 2012

	Governmental Activities
Assets	
Current Assets	
Cash	\$185,566
Taxes Receivable	10,760
Total Current Assets	<u>196,326</u>
Total Assets	<u><u>\$196,326</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$3,322
Due to Joint School District No. 2	3,164
Total Current Liabilities	<u>6,486</u>
Total Liabilities	<u>6,486</u>
Net Assets	
Unrestricted	<u>189,840</u>
Total Net Assets	<u>189,840</u>
Total Liabilities and Net Assets	<u><u>\$196,326</u></u>

EAGLE URBAN RENEWAL AGENCY

Statement of Activities

Year Ended September 30, 2012

Functions/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue And Changes in Net Assets
		Charges For Services	Operating Grants And Contributions		
Governmental Activities					
Current Expenditures					
Administration	\$8,638				(\$8,638)
Contract & Agreements	46,504				(46,504)
Projects	60,623				(60,623)
Joint School District No. 2	57,937				(57,937)
Total	<u>\$173,702</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(173,702)</u>
General Revenues					
Property Taxes					205,192
Total					<u>205,192</u>
Change in Net Assets					31,490
Net Assets - Beginning					<u>158,350</u>
Net Assets - Ending					<u>\$189,840</u>

EAGLE URBAN RENEWAL AGENCY

Balance Sheet - Governmental Funds

September 30, 2012

	<u>General Fund</u>
Assets	
Cash	\$185,566
Taxes Receivable	10,760
Total Assets	<u>\$196,326</u>
Liabilities	
Accounts Payable	\$3,322
Due to Joint School District No. 2	3,164
Deferred Revenue	7,228
Total Liabilities	<u>13,714</u>
Fund Balances	
Unassigned	182,612
Total Fund Balances	<u>182,612</u>
Total Liabilities and Fund Balances	<u>\$196,326</u>

EAGLE URBAN RENEWAL AGENCY

Balance Sheet - Governmental Funds

September 30, 2012

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

Total Governmental Fund Balances \$182,612

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

Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. 7,228

Net Assets of Governmental Activities \$189,840

EAGLE URBAN RENEWAL AGENCY

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Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2012

	General Fund
Revenues	
Property Taxes	\$206,851
Total Revenues	<u>206,851</u>
Expenditures	
Current Expenditures	
Administration	8,638
Contract & Agreements	46,504
Projects	60,623
Joint School District No. 2	57,937
Total Expenditures	<u>173,702</u>
Net Change in Fund Balances	33,149
Fund Balances - Beginning	149,463
Fund Balances - Ending	<u><u>\$182,612</u></u>

EAGLE URBAN RENEWAL AGENCY

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Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended September 30, 2012

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities**

Net Change in Fund Balances - Total Governmental Funds \$33,149

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

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. (1,659)

Change in Net Assets of Governmental Activities \$31,490

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The Eagle Urban Renewal Agency (the Agency) provides urban renewal services as authorized by Idaho Code. The Agency’s board of commissioners is appointed by the mayor and confirmed by the city council. As such, the Agency is defined as a component unit of the City of Eagle.

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to urban renewal agencies. The significant accounting policies of the Agency are described below.

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). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the Agency’s activities are categorized as governmental activities.

In the government-wide statement of net assets, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Agency’s net assets may be reported in three parts - invested in capital assets, net of related debt (when related debt exists), restricted net assets, and unrestricted net assets. The Agency first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the Agency’s functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

As the Agency has only one function (providing urban renewal services) which is reported in one fund, all expenses are considered direct and, accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the Agency as an entity and the change in the Agency’s net assets resulting from the current year’s activities.

Basic Financial Statements - Fund Financial Statements – The financial transactions of the Agency are reported in individual funds in the fund 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.

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category, when present, are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets, liabilities, revenues, and expenditures/expenses of the funds) for the determination of major funds. Major governmental funds of the Agency include:

General Fund – The general fund is the Agency's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

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.

Activities in the government-wide financial statements are presented on the accrual basis of accounting and are required to follow both governmental accounting standards board pronouncements and financial accounting standards board pronouncements issued through November 30, 1989. Revenues are recognized when earned and expenses are recognized when incurred.

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 (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

The Agency may report deferred revenue on its financial statements. For the fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the revenue is recognized. For both the government-wide and fund financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditures; any excess revenues are reported as deferred revenue.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Inventories – Material supplies on hand at year end are stated at cost using the first-in, first-out method.

Due to Joint School District No. 2 – Per Resolution 08-36, a portion of the taxes that the Agency collects are pass-through funds which the Agency remits to Joint School District No. 2.

Accordingly, a portion of the taxes receivable listed on the statement of net assets and balance sheet – governmental funds at year end is due to Joint School District No. 2.

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

Net Assets – Net assets is the difference between assets and liabilities. Net assets invested in capital assets - net of related debt, are capital assets net of accumulated depreciation and reduced by any outstanding debt related to the financing of those assets. Restricted net assets are net assets less related debt that are subject to constraints on their use by creditors, grantors, contributors, legislation, and other parties. All other net assets are reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that are not expected to be converted into cash. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Assigned fund balance classifications are not actively used by the entity. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the Agency first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the Agency first utilizes committed resources.

Property Taxes – The Agency receives a portion of the property taxes generated by the taxing entities within the Agency's taxing district. The taxes are collected by the respective county and then remitted back to the Agency. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk – The Agency maintains its cash at insured financial institutions. Balances generally do not exceed federally insured limits.

Risk Management – The Agency is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

EAGLE URBAN RENEWAL AGENCY
Notes to Financial Statements

B. CASH

Cash consists of the following at year end:

Cash - Deposits	<u>\$185,566</u>
Total	<u><u>\$185,566</u></u>

Deposits – At year end, the carrying amounts of the Agency's deposits were \$185,566 and the bank balances were \$185,566. The bank balances were insured.

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The Agency's investment policy complies with state statutes.

C. DEFERRED REVENUE

Deferred revenue consists of the following at year end:

<u>Description</u>	<u>Fund Financial Statements</u>
Delinquent Property Taxes	<u>\$7,228</u>
Total	<u><u>\$7,228</u></u>

D. DUE TO THE CITY OF EAGLE

The City of Eagle originally provided the Agency with \$129,950 of startup funds which the Agency has paid back over the course of several years. The Agency paid the final installment of \$39,950 to the City of Eagle in the 2011/12 fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION

EAGLE URBAN RENEWAL AGENCY
 Budgetary Comparison Schedule - General Fund
 Year Ended September 30, 2012

General Fund	Budgeted Amounts		Actual	Final Budget
	(GAAP Basis)			
	Original	Final		Positive
				(Negative)
Revenues				
Property Taxes	\$185,931	\$185,931	\$206,851	\$20,920
Total Revenues	<u>185,931</u>	<u>185,931</u>	<u>206,851</u>	<u>20,920</u>
Expenditures				
Current Expenditures				
Administration	33,500	33,500	8,638	24,862
Contract & Agreements	108,500	108,500	46,504	61,996
Projects / Debt Repayment	172,668	172,668	60,623	112,045
Joint School District No. 2	45,587	45,587	57,937	(12,350)
Total Expenditures	<u>360,255</u>	<u>360,255</u>	<u>173,702</u>	<u>186,553 *</u>
Net Change in Fund Balances	(174,324)	(174,324)	33,149	207,473
Fund Balances - Beginning	174,324	174,324	149,463	(24,861)
Fund Balances - Ending	<u>\$0</u>	<u>\$0</u>	<u>\$182,612</u>	<u>\$182,612</u>

**Total expenditures (over) under appropriations.*

OTHER REPORTS AND SCHEDULES

**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 Commissioners
Eagle Urban Renewal Agency

We have audited the financial statements of the governmental activities and each major fund of Eagle Urban Renewal Agency (the Agency), a component unit of the City of Eagle, as of and for the year ended September 30, 2012, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated December 17, 2012. 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

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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 the 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 management, those charged with governance, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Folke CPAs, P.C.

December 17, 2012

EAGLE URBAN RENEWAL AGENCY
Schedule of Findings and Responses
Year Ended September 30, 2012

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Agency.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Agency were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.