

2011 ANNUAL REPORT EAGLE URBAN RENEWAL AGENCY

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body, on or before March 31 of each year, a report of its activities for the preceding calendar year, which shall include a complete financial statement setting forth its assets, liabilities, income and operating expense at the end of the calendar year. By virtue of certain amendments to the Idaho Urban Renewal Law adopted in 2002, the fiscal year of an urban renewal agency has been established as October 1 through September 30. Consequently, any formal financial statement would be limited to a report through the end of the Agency's fiscal year. Under amendments to Idaho Code Section 67-450B adopted in 2009, an urban renewal agency is required to prepare certain audited financial statements as described in that section depending on the agency's overall expenditures. Agencies with expenditures that do not exceed \$100,000 are not required to prepare any audited financial statements. Agencies with expenditures between \$100,000 and \$250,000 shall conduct a biennial audit of its financial statements every two years. Agencies with expenditures over \$250,000 must complete an audit of its financial statements each fiscal year. The Agency did conduct the required audit at the close of Fiscal Year 2011. A copy of the FY 2011 audit is attached as Exhibit 1 to this report.

The Eagle City Council formally approved the Downtown and East End Eagle Urban Renewal Plan ("Plan") on December 11, 2007, through Ordinance No. 592. The ordinance became effective upon publication on December 24, 2007. Since that approval, the Agency has commenced with the implementation of the Plan.

AGENCY BOARD MEMBERS, OFFICERS, CONSULTANTS AND SUPPORT STAFF

In early 2011, the City Council adopted Resolution No. 11-01 formally establishing the number of board members at seven in order to provide more certainty as to membership and to avoid quorum issues. Board members for most of the calendar year 2011 included Doug Racine, Jason Haas, Bob Bruce, Mike Huffaker, Scott Nordstrom and Teresa Yragui. In August 2011, Jack Zastrow was appointed as a board member. In October 2011, board members Bob Bruce and Teresa Yragui were replaced by Walter Lindgren and Nathan Paddock. Officers for the year were Doug Racine, Chairman; Scott Nordstrom, Vice-Chairman; and Jason Haas, Secretary/Treasurer. On February 14, 2012, the Eagle City Council adopted Ordinance No. 669 terminating the appointment of the Eagle Urban Renewal Agency Board of Commissioners and appointing a five (5) member Board of Commissioners consisting of the Mayor and four (4) City Council Members. Throughout 2011, Ryan Armbruster of the law firm of Elam and Burke served as legal counsel, Harlan Mann, Community Development Consultant, provided urban renewal consulting services, and Sherry Atwell served as the Administrative Assistant for the Agency.

AGENCY ACTIVITIES

- In July 2010, at the request of certain property owners and interested parties, an examination of an additional area within the City of Eagle, west of the current Plan boundaries, commenced to determine the eligibility of the area for an urban renewal project and the potential role of the Agency. The Agency began exploring the possibility of expanding the Agency boundaries to the east to include the Stillwell property with the idea of attracting CWI. Several meetings were held with property owners, stakeholders, taxing entities, District 14 legislators and others. The Agency considered whether the expansion would comply with Idaho law. This effort continued through early 2011. At the board meeting held on January 11, 2011, Consultant Harlan Mann presented the "West State Street Area Urban Renewal Eligibility Report." The report indicated that there were deteriorating and unsafe areas that made Stillwater property appropriate for an urban renewal project. Consideration of this project continued at various board meetings held during 2011. Ultimately, the Agency decided against the

Stillwater project because it did not appear to be in the public's best interest nor did it appear to be the best use of funds.

- During 2010, the Agency entered into an agreement with Larry Knapp to provide facilitation services for the purpose of coordinating the potential redevelopment of the Four Corners area. Meetings were held with the property owners, development concepts discussed and the role of the Agency explored. In February 2011, Mr. Knapp's services were completed and his contract was terminated.
- On January 25, 2011, a joint work session between the Agency and City Council was convened to discuss the Plan, the implementation of the Plan and future activity.
- On August 23, 2011, Doug Racine, Bob Bruce and Scott Nordstrom met with City Council to give an update on Agency activities. The items discussed included: (1) special use district at Stillwater; (2) update on Four Corners; (3) plans for the east end; and (4) the appointment of a new board member.
- After discussions during the October and November board meetings, the Agency agreed to grant up to \$5,000 for the beautification project along Eagle Road and State Street within the urban renewal area and within the ACHD public right of way.
- At the December 14, 2011, board meeting, the Agency discussed the opportunities of working with Tri-Cities in the Four Corners area. The Agency has continued to work closely with the current owners of the Tri-City Meats building, which currently stands essentially vacant, to re-develop the property. The Agency continued to discuss an agreement to temporarily develop the property into a public space, likely to include some public parking and attractive landscaping. This involves working with the property owners on leasing the property, working with the State of Idaho concerning the environmental condition of the property and with community organizations as well as the State of Idaho for grants to help remediate any environmental issues existing on the property – all with the ultimate goal of attracting a developer to bring a viable and valuable project to Downtown Eagle.
- On December 14, 2011, Bob Bruce and Gloria Maheux made a presentation to the Agency for help with sidewalks, curbs, gutters and street lighting adjacent to the Eagle Hotel. In early 2012, the Agency agreed to hire an engineer and landscape architect to begin the process of planning the improvements and providing the Agency with an estimate of the costs of the construction.
- Throughout 2011, the Agency researched the availability of grants and worked with Sage Community Resources to identify available grants that could be used by the Agency.
- Throughout 2011, the Agency continued to devote efforts toward the development of the Four Corners area.

REVENUES

Revenue Allocation Funds (Tax Increment Revenue)

The only source of Agency income is Revenue Allocation Funds (Tax Increment Revenue) generated within the revenue allocation area and certain funds advanced by the city of Eagle. The Agency received net revenue allocation funds in 2011 of \$177,433.

EXPENDITURES

Leverage of Agency Dollars

An integral component of the Agency's program is to develop outside funding sources to leverage Agency dollars for improvements within the urban renewal area. The Agency has commenced the process to coordinate with property owners and public entities in an effort to determine redevelopment opportunities.

Review and Approve Requests for Agency Funding of Projects

The Agency intends to seek, review and approve funding, where appropriate, for other projects that positively impact the urban renewal area and its residents.

OPERATING EXPENSES

The Agency's expenses are shown on Exhibit 1 to this report. In August 2001, the Agency, as required by the Idaho Urban Renewal Law, approved its fiscal year 2012 budget. A copy of the approved budget is attached as Exhibit 2.

ASSETS

The Agency's Assets are comprised solely of cash accounts and property taxes receivable. The major portions of property taxes are received twice per year (end of January and end of July) with smaller amounts of delinquent taxes received during the course of the year.

LIABILITIES AND DEBT

The Agency's liabilities consist only of current accounts payable and deferred revenue. The Agency's only long-term debt is the obligation to repay the City for the funds advanced during the establishment of the Agency.

SIGNIFICANT CHANGES IN AGENCY'S FINANCIAL POSITION

Except for the repayment of the City advance, the Agency continues to operate in a "pay-as-you-go" environment, committing only those funds to projects that can be funded out of current funds or projected tax increment revenues in a given fiscal year, though the Agency continues to consider how to better leverage Agency funds.

James Reynolds
Chair
March 28, 2012



Financial Statements
September 30, 2011

Eagle Urban Renewal Agency

Component Unit of the City of Eagle, Idaho

Eagle Urban Renewal Agency
Component Unit of the City of Eagle, Idaho
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September 30, 2011

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Independent Auditor's Report

Members of the Board of Commissioners
Eagle Urban Renewal Agency
A component unit of the City of Eagle, Idaho
Eagle, Idaho

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

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 the 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 the Eagle Urban Renewal Agency as of September 30, 2011, 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 14, 2011, on our consideration of the Eagle Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Eagle 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 9 through 10 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.

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

Boise, Idaho
December 14, 2011

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

	General Fund	Adjustments (Note 2)	Statement of Net Assets
Assets			
Current Assets			
Cash and cash equivalents	\$ 189,131	\$ -	\$ 189,131
Property taxes receivable	214,312	-	214,312
	<u>\$ 403,443</u>	<u>\$ -</u>	<u>403,443</u>
Total assets			
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 2,872	\$ -	2,872
Due to Joint School District No. 2	59,531	-	59,531
Deferred revenue	151,627	(8,887)	142,740
Due to City of Eagle	30,000	-	30,000
	<u>244,030</u>	<u>(8,887)</u>	<u>235,143</u>
Total current liabilities			
Noncurrent Liabilities			
Due to City of Eagle, less current portion	9,950	-	9,950
	<u>253,980</u>	<u>(8,887)</u>	<u>245,093</u>
Total liabilities			
Fund Balance/Net Assets			
Fund balances			
Unassigned	149,463	(149,463)	-
	<u>\$ 403,443</u>		
Total Liabilities and Fund Balances			
Net Assets			
Unrestricted		158,350	158,350
		<u>\$ 158,350</u>	<u>\$ 158,350</u>
Total net assets			

Eagle Urban Renewal Agency
Component Unit of the City of Eagle, Idaho

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund
Balances
Year Ended September 30, 2011

	General Fund	Adjustments (Note 3)	Statement of Net Assets
Expenditures			
Office and operating expense	\$ 8,004	\$ -	\$ 8,004
Professional services, surveys, studies	36,623	-	36,623
Joint School District No. 2 pass through	47,752		47,752
	<u>92,379</u>	<u>-</u>	<u>92,379</u>
Total expenditures			
Revenues			
Property taxes, penalties and interest	183,849	(6,416)	177,433
	<u>183,849</u>	<u>(6,416)</u>	<u>177,433</u>
Total general revenues			
Excess of Revenues over Expenditures	91,470	(6,416)	85,054
Change in Fund Balance/Net Assets	91,470	(6,416)	85,054
Fund Balance/Net Assets, Beginning of Year	57,993	15,303	73,296
	<u>57,993</u>	<u>15,303</u>	<u>73,296</u>
Fund Balance/Net Assets, End of Year	<u>\$ 149,463</u>	<u>\$ 8,887</u>	<u>\$ 158,350</u>

Note 1 - Summary of Significant Accounting Policies

The Eagle Urban Renewal Agency (the Agency) is a separate and distinct legal entity of the City of Eagle (the City) created by and existing under the Idaho Urban Renewal Law of 1965, as amended. The Commissioners for the Agency are appointed by the Mayor and confirmed 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).

Use of Estimates

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

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 Eagle, 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 Eagle, 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) report 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 not properly included among program revenues 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 Purpose Entity." 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. 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.

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 to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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 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 Fund - 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.

Property tax amounts remitted to Joint School District No. 2 (the District) pursuant to Resolution 08-36 are a pass-through of funds and as required by statute are presented as an expense in the statement of activities. The amount due to the District reduces deferred revenues and is presented on the statement of net assets.

Available tax proceeds include 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 may 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.

Fund Balances of Fund Financial Statements

GASB Statement No. 54, "Funds Balance Reporting and Governmental Fund Type Definitions" became effective for fiscal periods beginning after June 15, 2010. Thus, beginning with fiscal year 2011, the Agency implemented the Statement as required. 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 following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance—amounts that can be spent only for specific purposes because of enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed fund balance—amounts constrained to specific purposes by the Agency itself, using its highest level of decision-making authority (i.e., Board of Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the Agency takes the same highest level action to remove or change the constraint.
- Assigned fund balance—amounts the Agency intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or by a designee if the Board of Commissioners delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Agency has not yet adopted a policy concerning the several classifications. The Agency applies the highest level of restricted resources before applying unrestricted resources to expenditures incurred for which various levels of resources are available.

Risk Management

As a component unit of the City of Eagle, the Agency is exposed to various risks of loss related to theft of, damage to, or destruction of assets. The City and the Agency participates 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 its participation in ICRMP is limited to the extent of their deductible only.

Budgets

The Agency is required by Idaho State Code to adopt an annual budget for informational purposes which must be provided to the City of Eagle, Idaho by September 1 of each year. No funding is appropriated as the Agency expends tax levy funds as they become available by motion or resolution of the Board.

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 therefore are deferred. \$ 8,887

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 in the statement of activities that do not provide current financial resources is not reported as revenue in the fund. \$ (6,416)

Note 4 - Cash and Cash Equivalents

At year-end, both the book and bank balance of the Agency's deposits was \$189,131. All cash is held in a local financial institution. At September 30, 2011, the balance was fully insured by FDIC.

Note 5 - Due to the City of Eagle

The City of Eagle originally provided \$129,950 for start up costs to the Agency. Under a memorandum of understanding the Agency is to repay to the City in annual installments equal to 15% of the Agency's yearly revenue allocation proceeds, but not less than \$30,000 annually until September 15, 2012. This agreement does not bear interest. The Agency paid \$30,000 to the City during the year ended September 30, 2011 and the remaining balance was \$39,950 at September 30, 2011.



Required Supplementary Information
September 30, 2011

Eagle Urban Renewal Agency

Component Unit of the City of Eagle, Idaho

Eagle Urban Renewal Agency
Component Unit of the City of Eagle, Idaho

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund
Year Ended September 30, 2011

	Original and Final Budgeted Amounts	Actual Amounts	Variance With Budget Favorable (Unfavorable)
Revenues			
Property taxes, penalties and interest	\$ 172,650	\$ 183,849	\$ 11,199
Total revenues	<u>172,650</u>	<u>183,849</u>	<u>11,199</u>
Expenditures			
Administration	30,000	8,004	21,996
Contracts and agreements	90,800	36,623	54,177
City of Eagle repayments	30,000	-	30,000
Joint School District No. 2 pass through	55,000	47,752	7,248
Project expenditures	<u>98,441</u>	<u>-</u>	<u>98,441</u>
Total expenditures	<u>304,241</u>	<u>92,379</u>	<u>211,862</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ (131,591)</u>	91,470	<u>\$ 223,061</u>
Fund Balance, Beginning of Year		<u>57,993</u>	
Fund Balance, End of Year		<u>\$ 149,463</u>	

Note 1 - Budgets and Budgetary Accounting

In accordance with Title 50, Chapter 20 of the Idaho State Code, the Agency is required to prepare, approve and adopt an annual budget for filing with the local governing body, for informational purposes. A budget means an annual estimate of revenues and expenses for the following fiscal year of the Agency.

The Agency follows these procedures in establishing the budgetary data reflected in the financial statements:

- The Board of Commissioners prepares a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at City Hall to obtain taxpayer comment.
- The budget is passed by resolution no later than September 1.

Budgets are adopted on a basis consistent with generally accepted accounting principles for general funds except for the budgeted expense of repayments to the City of Eagle. Because this balance due to the City is recorded as a payable on the governmental fund balance sheet, any payments made against it are a reduction of the balance and not an expenditure.

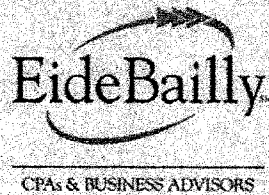
All annual appropriations lapse at fiscal year-end. Revisions that alter the total expenditure appropriation must be approved by the Board of Commissioners.



Supplementary Information
September 30, 2011

Eagle Urban Renewal Agency

Component Unit of the City of Eagle, Idaho



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*

The Board of Commissioners
Eagle Urban Renewal Agency
A component unit of the City of Eagle, Idaho
Eagle, Idaho

We have audited the financial statements of the governmental activities and the major fund of the Eagle Urban Renewal Agency (the Agency), a component unit of the City of Eagle as of and for the year ended September 30, 2011, which collectively comprise the Eagle Urban Renewal Agency's basic financial statements and have issued our report thereon dated December 14, 2011. 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 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 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 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. 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. We identified the following deficiency in internal control over financial reporting that we consider to be material weakness in internal control over financial reporting.

2011-01 Financial Statement Preparation and Audit Adjustments

Criteria:

According to auditing standards, an entity's internal control system must include controls related to the preparation of financial statements, including the related disclosure, without assistance or adjustment by the auditor.

Condition:

As auditors, we were requested to prepare the financial statements and accompanying notes to the financial statements. In addition, material adjusting entries were proposed as part of the audit.

Effect:

The lack of internal controls resulted in adjustments to the accounts and financial statements of Eagle Urban Renewal Agency.

Cause:

Due to the low transaction volume in the Agency's accounts, Eagle Urban Renewal Agency has not implemented an internal control structure that encompasses financial reporting in accordance with Generally Accepted Accounting Standards.

Recommendation:

As the Agency has previously considered, we recommend management and those charged with governance annually analyze the cost/benefit of implementing a control system which would allow for the preparation of financial information, financial statements and the related disclosure and reconsider whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response and Action Plan of Management:

The Agency agrees that having an internal control system over financial reporting is an important part of the Agency's overall internal control process. The Agency has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.


Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 2011-01 to be a material weakness.

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

The Agency's response to the finding identified in our audit is described above. We did not audit the Agency's response and, accordingly, we express no opinion on it.

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


Boise, Idaho
December 14, 2011

**LEGAL NOTICE
NOTICE OF PUBLIC HEARING
PROPOSED BUDGET FOR FISCAL YEAR 2012
EAGLE URBAN RENEWAL AGENCY
EAGLE, IDAHO**

A Public Hearing pursuant to Idaho Code 50-1002 will be held for consideration of the proposed budget for the fiscal year beginning October 1, 2011, through September 30, 2012. The hearing will be held at Eagle City Hall, 660 East Civic Lane, Eagle, Idaho, at 4:00 p.m., August 10, 2011, Regular Meeting. All interested persons are invited to appear and provide comments regarding the proposed budget. Copies of the proposed budget are available at the Eagle Planning and Zoning Department during regular office hours (8:00 a.m. to 5:00 p.m. weekdays). The Eagle City Hall is available to persons with disabilities. Anyone desiring accommodations for disabilities related to the budget documents or the public hearing, please contact the City Clerk's office at (208) 939-6813 at least 48 hours prior to the public hearing. The proposed FY 2012 budget is shown as FY 2012 proposed expenditures and revenues.

The proposed expenditures and revenues for the FY 2012 have been tentatively approved by the Urban Renewal Agency of Eagle Board of Directors at its July 13, 2011 Regular Meeting.

PROPOSED EXPENDITURES

The following is an estimate set forth in said proposed budget of the total proposed expenditures for the fiscal year October 1, 2011, to September 30, 2012.

<u>EXPENDITURES:</u>	<u>FY 2010 ACTUAL</u>	<u>FY 2011 BUDGETED</u>	<u>FY 2011 ACTUAL JUNE 30</u>	<u>FY 2012 PROPOSED</u>
ADMINISTRATION:	\$9,377	\$30,000	\$5,049	\$33,500
CONTRACT & AGREEMENTS:	\$21,277	\$90,800	\$29,581	\$108,500
CITY START UP FUNDS REPAYMENT:	\$30,000	\$30,000		\$39,950
FUTURE PROJECTS & CASH RESERVE		\$98,441		\$132,718
SCHOOL DISTRICT #2	\$55,550	\$55,000	\$35,110	\$45,587
TOTAL EXPENDITURES:	\$116,204	\$304,241	\$69,740	\$360,255

PROPOSED REVENUES

The estimated revenue for the Eagle Urban Renewal Agency of Eagle, Idaho, for the fiscal period October 1, 2011, to September 30, 2012 is:

	FY 2010	FY 2011	FY2011	FY 2012
<u>REVENUES:</u>	<u>ACTUAL</u>	<u>BUDGETED</u>	<u>ACTUAL</u> <u>June 30</u>	<u>PROPOSED</u>
CARRY FORWARD	\$96,063	\$131,591	\$130,231	\$174,324
PROPERTY TAX REVENUE	\$147,995	\$172,650	\$127,815	\$185,931
TOTAL REVENUE:	\$244,058	\$304,241	\$258,046	\$360,255

\$0

I, Jason Haas, Eagle Urban Renewal Treasurer, do hereby certify that the above is a true and correct statement of the proposed expenditures and revenues for fiscal year 2012.

Dated this day July 13, 2011

NAME Jason Haas

Title Urban Renewal Agency Treasurer/Secretary

Publication Dates: August 1, 2011
August 8, 2011