

# 2011 Annual Report



# Idaho Falls Redevelopment Agency

## **EXECUTIVE SUMMARY**

In 2011, the Idaho Falls Redevelopment Agency accomplished the following:

- Completed the demolition of two buildings at the intersection of D Street and Park Avenue and the construction of a 72 space public parking lot. This parking lot completes one commitment in the Memorandum of Understanding with Bonneville County and the City of Idaho Falls. In addition, the City of Idaho Falls has removed the 2 hour parking signs on the northern portions of Capitol Avenue and Park Avenue in locations not near existing businesses. Two hour parking signs have also been removed from portions of D and E Streets. The Agency entered into a lease for 28 spaces at the intersection of D Street and Park Avenue. Effort are continuing to replace most of the 210 parking spaces currently found on Memorial Drive.
- Met with the City of Idaho Falls Engineering Department prior to an open house held by the department on the design of Memorial Drive. It is anticipated the reconstruction of Memorial Drive will occur in the summer of 2012.
- Entered into an agreement with Bonneville County to reimburse the County for the reconstruction of sidewalk on Capitol Avenue which will be done when the Bonneville County Court House parking lot is reconstructed and expanded.
- Expended \$25,725 for erosion work by Taylor Crossing on the River LLC on the path and Greenbelt north of Pancheri Bridge.
- Approved the future expenditure of \$100,000 on the irrigation system and laying of sod on approximately 650 feet of the Greenbelt immediately north of the Pancheri Bridge.
- Transferred the public parking lot at D Street and Park Avenue to the ownership of City of Idaho Falls.

*To strengthen the tax base and promote the successful growth and development of the City of Idaho Falls by using, when necessary, tax increment financing to facilitate the construction of publicly owned infrastructure, giving due consideration to that which promotes and enhances the Snake River Greenbelt and encourages desirable land uses near that Greenbelt.*

Mission Statement, Idaho Falls Redevelopment Agency

## **ORGANIZATION AND MISSION**

The Idaho Falls Redevelopment Agency, originally created on July 6, 1966, was re-established by the Idaho Falls Mayor and Council on October 20, 1988. More than twenty years after its re-establishment, the Agency is charged with implementing three urban renewal plans: Snake River Urban Renewal Project Plan, River Commons Urban Renewal Plan, and Pancheri-Yellowstone Urban Renewal Plan. These three urban renewal districts encompass 688 acres in central Idaho Falls or approximately 5% of the city.

The Agency Board of Commissioners is comprised of seven individuals:

Robert Barnes, Chair  
Terri Gazdik  
Thomas Hally  
Lee Radford, Vice-Chair  
Linda Martin  
Lee Staker  
Brent Thompson

Lee Staker, Bonneville County Board of Commissioners, was appointed to the Board in late 2011 to replace David Radford. Thomas Hally is the City Council liaison to the Board. Terri Gazdik was appointed to replace LaMar John, Secretary-Treasurer. Brent Thompson replaced Robert Utterbeck who resigned from the Board in 2011.

Ryan Armbruster of Elam and Burke serves as legal counsel to the Agency. Thane Sparks is the treasurer for the Agency, and Renee Magee is the executive director. Harlan Mann is a consultant for the Agency.



## **THE YEAR 2011**

### **Pancheri-Yellowstone Urban Renewal District**



The Pancheri-Yellowstone urban renewal district, with a term of 12 years, was created by the Mayor and Council of Idaho Falls in December, 2007. This area of 33 acres sandwiched between the Snake River and Yellowstone Highway and south of Pancheri Drive includes a former manufacturing facility, a lumber yard, and oil distribution businesses as well as open storage and vacant land. It has no public road system and is served by utilities which do not meet today's standards. In early 2008, the Agency entered into an owner participation agreement with Hotel Developers -

Snake River LLC in which the Agency agreed to participate in Greenbelt improvements, utility relocation and trenching, and demolition. In late 2009, the Agency executed notes totaling \$129,289 for such work completed on the site of Candlewood Suites and the adjacent Greenbelt. As of December, 2011, the total incremental value in this newest district was \$7,769,591, the majority of which was due to the construction and opening of Candlewood Suites by Hotel Developers - Snake River LLC.

### **River Commons Urban Renewal District**

River Commons Urban Renewal District, a former gravel pit for Monroc, Inc., sits immediately south of Pancheri Drive and borders the Snake River. The district encompasses 211 acres and was created in 2004 at the request of the new owner of the property, Ball Ventures. The Agency entered into an owner participation agreement with Ball Ventures in March, 2005, and agreed to participate in the construction of Snake River Parkway and Pier View Drive, reconstruction of Milligan Road, power line and utility improvements, storm drainage and landscape improvements, and Greenbelt improvements with the exception of the pier. In January, 2009, the Agency entered into the Amended and Restated Limited Recourse Promissory Note for the principal amount of \$8,812,602. This note essentially completed the commitment under the owner participation agreement executed by the Agency and Ball Ventures in March, 2005. As of December, 2011, the former gravel pit had an increment value of \$29,182,836.



### **Snake River Urban Renewal District**

The Snake River Urban Renewal District is the City's oldest existing urban renewal district. It was created in 1988 and encompassed the area bounded on the north by State Highway 20, I-15 and Utah Avenue south of Broadway on the west, the Snake River on the east and Pancheri Drive on the south. In 1988, the revenue allocation area did not encompass the entire district. In 1992, both the district and revenue allocation area were expanded. The 1992 amended boundary for both was State Highway 20 on the north, I-15 on the west, approximately Pancheri Drive on the south, and the Snake River on the east. In 2006, the area of the district was expanded to include the downtown area west of the Snake River. The district will terminate in 2018.



There are two active owner participation agreements within the Snake River Urban Renewal District. Through these agreements, a developer finances the costs of public improvements, generally off-site improvements, for a new development. He is repaid the cost of these public improvements with a portion of the taxes generated by the new development. In lieu of the Agency seeking a bond or a loan to pay for public improvements, the developer finances the costs of these improvements.

The oldest active agreement is with Renaissance Partners, LLP, and was executed in March, 2004. This agreement covers the expenses in relocating and demolishing Tiffany Metals (a salvage yard), United Parcel Service, American Fabrication, and Broadway Properties. Today, Wal-Mart, the Olive Garden, Famous Dave's Barbecue, Fairfield Inn, Wendy's, Arctic Circle, and two retail commercial strip centers occupy this area. The agreement also covered relocating a power line and improving Wardell Street, including the railroad crossing. In December, 2004, the Agency entered into a note with Renaissance Partners for the amount of \$4,042,000.

The second active owner participation agreement is with Taylor Crossing on the River, LLC. This agreement provides for notes to a maximum of \$6,335,204 to improve the Greenbelt from Broadway to Pancheri, construct Riverwalk Drive to connect Broadway to Pancheri east of Porter Canal, relocate ABF, reconstruct Simplot Circle, demolish the former Army Surplus building (where the Marriott Residence Inn is under construction), and provide the necessary public utilities and remove rock as necessary. To date, Taylor Crossing has entered into two notes with the Agency, both of which have been repaid from a portion of the tax increment generated by the Taylor Crossing development. The first note was for \$600,000 to relocate ABF and the second was \$200,000 to demolish the Army Surplus building. Recent payments to Taylor Crossing for Greenbelt improvements have been made under the agreement and from the tax increment generated to date. The total paid to Taylor Crossing under the agreement through Fiscal Year 2011 is \$1,184,180.

### Taylor Crossing on the River

In 2010, the Agency reimbursed Taylor Crossing \$286,954 for relocation of a portion of the Greenbelt path north of Pancheri Drive bridge. The majority of the reimbursement covered the costs of removing brush and debris from the area, terracing the bank, and installing stone walls. In 2011, the Agency contributed an additional \$25,725 towards the stabilization of this area of the Greenbelt and committed \$100,000 towards the irrigation system and placement of sod. Idaho Falls Division of Parks and Recreation contributed the labor to install the sprinkler system.

In 2011, Woodbury Corporation, a Salt Lake City based commercial real estate company, purchased the majority share of the unfinished Marriott Residence Inn on West Broadway near the Snake River. The permit to complete construction on the motel was issued in November, 2011. Woodbury Corporation hopes to have the motel completed by early summer, 2012.



### Downtown Idaho Falls

After investigating the development of a parking structure with a private property owner in early 2010 and later an underground structure with Bonneville County, the Agency decided to construct a public parking lot mid-2010.

Downtown Property Acquisition. Following the recommendation of Carl Walker, Inc., a national parking consultant, as to location of a public parking lot, the Agency purchased two properties south of D Street between Capital and Park Avenues in August, 2010 for use as public parking. These properties were referred to as the Brunt and Messick properties. By December of 2010, all of the tenants had been relocated, and preparations were begun to demolish the buildings in spring, 2011. The buildings, one at 695 Park Avenue and one at 483 D Street, were demolished by May, 2011. During the summer and early fall of 2011, a public parking lot, with lighting and landscaping, containing 72 spaces was constructed. The cost of demolition, construction of the

parking lot, and engineering and inspection totaled \$367,800.44. The cost of the land was \$825,000, making the total cost of the parking project slightly below \$1.2 million.



For both of these properties, the Agency retained ownership for approximately sixteen months and formally conveyed the properties to the City of Idaho Falls in December, 2011, after completion of the design and construction of the parking lot. The City provided design, engineering, and construction inspection under terms of an agreement between the Agency and the City.

The Agency has committed \$26,000 in an agreement with Bonneville County to reconstruct the side walks on Capitol Avenue. This side walk replacement will occur when the parking lot serving the Court House is reconstructed and expanded to include the former Legion Drive area. Such reconstruction should add about 40 parking places to the Court House parking lot.

In accordance with the Memorandum of Understanding completed by the Agency, Bonneville County, and the City of Idaho Falls in 2010, many of the on-street parking spaces on Capitol Avenue, D Street, Park Avenue, and E Street are available for long-term parking. Only those spaces adjacent to existing businesses are reserved for two hour parking. The goal of the Memorandum of Understanding was to open portions of the public streets in the northern portion of downtown to 50 long-term parking spaces. In 2011, the Agency also entered into a lease for 28 parking spaces at the intersection of D Street and Park Avenue.

It is anticipated reconstruction of Memorial Drive will occur in the summer of 2012. In 2010, the Agency entered into a contract with the City of Idaho Falls to design and engineer the plans for Memorial Drive. As part of this agreement, both Pierson Land works and Project Engineering Consultants entered into contracts to assist the engineering department with the design. Project Engineering Consultants provided a transportation engineer to assist with the design of the round-about at E Street and Memorial Drive. Pierson Land Works, the firm which developed the concept for the reconstruction of Memorial Drive, is designing the landscaping on Memorial Drive as well as the location and concepts for the amenities west of Memorial Drive. The Agency has dedicated \$1.6 million towards the reconstruction of Memorial Drive. Below is one

of the initial concepts for landscaping on Memorial Drive and future amenities to the west of Memorial Drive.



The issues with Memorial Drive go beyond tying the Greenbelt to downtown or creating an area for special events between the Greenbelt and downtown Idaho Falls. Memorial Drive is in need of reconstruction. The crown is too high. Curbs and gutters, which move water to storm drains, are missing along much of Memorial Drive. The asphalt is rutting and shoving due to the number of overlays on the street. Memorial Drive needs a second life.



**SUMMARY OF PROJECTS AND STUDIES COMPLETED BY AGENCY**

The following table summarizes the projects and studies completed by the Agency through 2010.

Description of Project	Monies Spent
Lindsay-Utah Avenue (street and utilities)	\$2,111,648
South Utah Avenue (street)	\$687,435
Wardell-Mercury improvements (street and utilities)	\$969,374
John Hole's pedestrian safety improvements	\$90,000
Snake River walkway improvements	\$41,360
South Utah construction and utilities	\$1,194,000
Pancheri-Utah Avenue intersection improvements (1/2 cost)	\$298,000
Relocation of power lines	\$1,388,614
Bridgeport Drive (Milligan Road) and utility improvements	\$395,615
Storm water facilities, landscaping, and demolition	\$297,200
Utility improvements	\$409,473
Days Inn demolition reimbursement	\$293,000
Yellowstone: installation median with trees in downtown	\$235,414
Snake River Parkway (north of Pancheri, south of Wal-Mart)	\$200,455
I-15 entrance welcome sign and landscaping including demolition	\$82,527
Downtown parking study completed by Carl Walker, Inc.	\$47,050
Reimbursement to Bonneville County for land on Legion Drive	\$150,000
Concept of Memorial Drive completed by Pierson Land Works	\$20,362
Terracing and retaining wall on Snake River, Taylor Crossing	\$342,679
Purchase and completion of public parking lot on D Street	\$1,192,800
<b>TOTAL PROJECTS</b>	<b>\$10,447,006</b>

The above public improvements were financed by bond proceeds, loans, or cash reserves.

**SUMMARY OF ‘INCREMENT VALUE’, IDAHO FALLS URBAN RENEWAL DISTRICTS, 2011**

The following table shows the “increment value” or increase in assessed value generated through urban renewal.

District	Net Taxable	Base	Increment Value
Snake River Amended	\$204,709,384	\$64,077,983	\$140,631,406
River Commons	\$29,468,676	\$285,840	\$29,182,836
Pancheri-Yellowstone	\$13,320,882	\$5,461,291	\$7,769,591

**LEGAL REQUIREMENTS AND ADDITIONAL DOCUMENTATION**

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 is limited to a report through the end of the Agency’s fiscal year.

The Agency received a report dated February 10, 2012, of its audited financial statements from Rudd and Company. This report identifies the Agency’s assets, liabilities, income and expenses through September 30, 2011. A copy of the report is attached as an exhibit.

Beginning with this annual report for activities during 2011, the Agency must take public outreach measures soliciting public comment on the annual report. To solicit comment, the Agency did the following:

- Published a display advertisement.
- Completed a press release to the media.
- Posted the annual report and the meeting announcement on its page on the city website.

The Agency convened its board meeting March 15, 2012 to consider public comment on the annual report.

The Agency is also required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its Fiscal Year 2012 budget on August 18, 2011. As required by the Idaho Urban Renewal Law and Local Economic Development Act, the Agency has filed its budget with the City of Idaho Falls. Copies of the budget are available through the Agency’s offices or the City Clerk.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**(A Component Unit of the City of Idaho Falls, Idaho)**

**Financial Statements**  
**and Supplementary Information**  
**with**  
**Independent Auditors' Report**

**September 30, 2011**

**IDAHO FALLS REDEVELOPMENT AGENCY**

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**September 30, 2011**

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## RUDD & COMPANY<sup>INC.</sup>

### INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Idaho Falls Redevelopment Agency  
Idaho Falls, Idaho

We have audited the accompanying financial statements of the governmental activities and each major fund of the Idaho Falls Redevelopment Agency (the Agency), a component unit of the City of Idaho Falls, 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 Idaho Falls Redevelopment 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 Idaho Falls Redevelopment 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 January 31, 2012, on our consideration of Idaho Falls Redevelopment 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 27 through 29 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.

*Rudd & Company*

January 31, 2012

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis**  
**September 30, 2011**

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This discussion and analysis of the Idaho Falls Redevelopment Agency's (the Agency) financial performance provides an overall review of the Agency's financial activities for the fiscal year ended September 30, 2011. The intent of the discussion and analysis is to look at the Agency's financial performances as a whole. Readers should also review the basic financial statements to enhance their understanding of the Agency's financial performance.

**Financial Highlights**

The Agency had a deficit of \$(6,528,706) in net assets. This is a decrease in the deficit of \$1,784,929 over the prior year.

The Agency ended the year with total cash and investments of \$4,469,100. This represents an increase of \$1,205,662 over the prior year.

The Agency spent \$351,883 on the demolition and reconstruction of parking projects in conjunction with the Memorial Drive Improvement Project. Upon completion, these assets will be donated to the City of Idaho Falls.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the assets and liabilities of the Agency, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Activities* presents information showing how the net assets of the Agency changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both the Statement of Net Assets and the Statement of Activities present information as follows:

Governmental Activities. This includes all of the Agency's services, which are primarily supported by property taxes and interest income.

Business Type Activities. The Agency has no business type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains three individual governmental funds and has elected to treat each of them as major funds. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for each major fund.

The Agency adopts an annual budget for its special revenue funds. A budgetary comparison statement has been provided for the Snake River Allocation, the River Commons Allocation, and the Pancheri-Yellowstone Allocation special revenue funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 and 15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-25 of this report.

**Financial Analysis of the Agency**

The following two tables provide condensed financial information on the Agency's net assets and changes in net assets for the fiscal years ended September 30, 2011 and 2010.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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**Government-wide Financial Analysis**

**Idaho Falls Redevelopment Agency's  
Net Assets**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and other assets	\$ 4,885,107	\$ 3,563,079
Capital assets	<u>1,177,625</u>	<u>825,743</u>
Total Assets	<u>6,062,732</u>	<u>4,388,822</u>
<b>Liabilities</b>		
Current liabilities	339,861	309,927
Long-term liabilities	<u>12,251,577</u>	<u>12,392,530</u>
Total Liabilities	<u>12,591,438</u>	<u>12,702,457</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,177,625	825,743
Unrestricted balance (deficit)	<u>(7,706,331)</u>	<u>(9,139,378)</u>
Total Net Assets (Deficit)	<u>\$ (6,528,706)</u>	<u>\$ (8,313,635)</u>

As of September 30, 2011 and 2010, cash and investments made up 80% and 81% of assets respectively. When the Agency purchases capital assets, they are ultimately donated to the City of Idaho Falls, Idaho.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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The \$(6,528,706) deficit in net assets at September 30, 2011 is expected to be eliminated by the future taxes the Agency is expected to receive.

**Idaho Falls Redevelopment Agency's  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
General Revenues		
Taxes	\$ 2,484,264	\$ 2,670,153
Other	<u>18,416</u>	<u>69,710</u>
Total General Revenues	<u>2,502,680</u>	<u>2,739,863</u>
<b>Expenses</b>		
General government	432,221	126,255
Interest on long-term debt	<u>285,530</u>	<u>580,833</u>
Total Expenses	<u>717,751</u>	<u>707,088</u>
Increase (Decrease) in Net Assets	<u>\$ 1,784,929</u>	<u>\$ 2,032,775</u>

Property taxes received by the Agency are used to repay certain limited recourse promissory notes payable. These note payments will not be paid if property taxes are not sufficient to completely pay principal and interest on those obligations.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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**Financial Analysis of the Agency's Funds**

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund.** The focus of the Agency's *governmental funds* are to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Agency's financing requirements.

**Special revenue funds.** The special revenue funds are the chief operation funds of the Agency. At the end of the current fiscal year, committed and assigned fund balances were \$4,255,848.

The fund balances of the Agency's special revenue funds increased by \$985,493 during the current fiscal year. The main factor of this increase was the revenues collected from property taxes.

**Special Revenue Fund Budgetary Highlights.** The Agency did not amend the budget during 2011. The only significant variation between the budget amounts and actual results was related to projects approved for commencement during the year.

**Capital Assets**

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, which the Agency pays for, are ultimately donated to the City of Idaho Falls, Idaho.

The Agency spent \$351,883 on the demolition and reconstruction of parking projects in conjunction with the Memorial Drive Improvement Project. Upon completion, these assets will be donated to the City of Idaho Falls.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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**Long-term Debt**

At September 30, 2011, the Agency had total long-term debt of \$12,251,577, a decrease of \$140,953 over the prior year.

The Agency has no employees; therefore there are no compensated absences.

Outstanding debt at September 30, 2011 was as follows:

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
<b>Snake River</b>		
Series 2004		
Limited Recourse Promissory Note	\$ 3,438,975	\$ 3,560,903
<b>River Commons</b>		
Series 2008		
Limited Recourse Promissory Note		
(amended and restated - January 16, 2009)	8,812,602	8,812,602
<b>Pancheri-Yellowstone</b>		
Series 2008, 2009, and 2010		
Limited Recourse Promissory Notes	<u>-</u>	<u>19,025</u>
	<u>\$ 12,251,577</u>	<u>\$ 12,392,530</u>

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Management's Discussion and Analysis (continued)**  
**September 30, 2011**

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**Requests for Information**

This financial report is designed to provide a general overview of the Idaho Falls Redevelopment Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Idaho Falls Redevelopment Agency, P.O. Box 50220, Idaho Falls, ID 83405.

## **Basic Financial Statements**

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Statement of Net Assets**  
**September 30, 2011**

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	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Cash and investments	\$ 4,469,100
Property tax receivable	416,007
Capital assets (net of accumulated depreciation)	
Construction in progress	<u>1,177,625</u>
 Total Assets	 <u>6,062,732</u>
<b>Liabilities</b>	
Accounts payable	218,274
Accrued interest payable	121,587
Long-term liabilities	
Due within one year	-
Due after one year	<u>12,251,577</u>
 Total Liabilities	 <u>12,591,438</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	1,177,625
Unrestricted (Deficit)	<u>(7,706,331)</u>
 Total Net Assets	 <u>\$ (6,528,706)</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Statement of Activities**  
**Year Ended September 30, 2011**

Functions/Programs	Expenses	Charges for services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating grants and contributions	Capital grants and contributions	Total Governmental activities
Governmental Activities					
Administrative	\$ 39,560	\$ -	\$ -	\$ -	\$ (39,560)
Insurance	2,837	-	-	-	(2,837)
Professional services	43,260	-	-	-	(43,260)
Office and other	19,384	-	-	-	(19,384)
Contribution of assets to the City of Idaho Falls	327,180	-	-	-	(327,180)
Interest	285,530	-	-	-	(285,530)
	<u>\$ 717,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(717,751)</u>
General revenues					
Property taxes					2,484,264
Penalties and interest					8,409
Earnings on investments					<u>10,007</u>
					<u>2,502,680</u>
Change in net assets					1,784,929
Net assets (deficit) beginning of year					<u>(8,313,635)</u>
Net assets (deficit) end of year					<u>\$ (6,528,706)</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Governmental Fund Types**  
**Balance Sheet**  
**September 30, 2011**

	<b>Snake River Allocation Fund</b>	<b>River Commons Allocation Fund</b>	<b>Pancheri- Yellowstone Allocation Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and investments	\$ 4,047,909	\$ 299,415	\$ 121,776	\$ 4,469,100
Property tax receivable	410,271	-	5,736	416,007
<b>Total Assets</b>	<b>\$ 4,458,180</b>	<b>\$ 299,415</b>	<b>\$ 127,512</b>	<b>\$ 4,885,107</b>
<b>Liabilities</b>				
Accounts payable	\$ 218,274	\$ -	\$ -	\$ 218,274
Deferred revenue	405,249	-	5,736	410,985
<b>Total Liabilities</b>	<b>623,523</b>	<b>-</b>	<b>5,736</b>	<b>629,259</b>
<b>Fund Balances</b>				
Committed	1,900,000	-	-	1,900,000
Assigned	1,934,657	299,415	121,776	2,355,848
<b>Total Fund Balances</b>	<b>3,834,657</b>	<b>299,415</b>	<b>121,776</b>	<b>4,255,848</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,458,180</b>	<b>\$ 299,415</b>	<b>\$ 127,512</b>	<b>\$ 4,885,107</b>
Total government fund balances				\$ 4,255,848
Property taxes receivable expected to be collected this year but are not available soon enough to pay for the current period expenditures and therefore are deferred in the funds.				410,985
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				1,177,625
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.				
Promissory notes				(12,251,577)
Accrued interest				(121,587)
<b>Net assets (deficit) of governmental activities</b>				<b>\$ (6,528,706)</b>

The Accompanying Notes are an Integral Part of the Financial Statements.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Governmental Fund Types**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended September 30, 2011**

	Snake River Allocation Fund	River Commons Allocation Fund	Pancheri- Yellowstone Allocation Fund	Total
<b>Revenues</b>				
Property taxes	\$ 1,878,674	\$ 374,874	\$ 106,382	\$ 2,359,930
Penalties and interest	8,409	-	-	8,409
Earnings on investments	9,281	575	151	10,007
<b>Total Revenues</b>	<u>1,896,364</u>	<u>375,449</u>	<u>106,533</u>	<u>2,378,346</u>
<b>Expenditures</b>				
Administrative	36,560	1,500	1,500	39,560
Insurance	2,837	-	-	2,837
Professional services	40,612	2,148	500	43,260
Office and other	19,383	-	-	19,383
Debt service - interest	176,555	290,547	694	467,796
principal	121,929	-	19,025	140,954
Cost of construction	351,883	-	-	351,883
Participation costs	327,180	-	-	327,180
<b>Total Expenditures</b>	<u>1,076,939</u>	<u>294,195</u>	<u>21,719</u>	<u>1,392,853</u>
<b>Net Change in Fund Balances</b>	819,425	81,254	84,814	985,493
<b>Fund Balance October 1, 2010</b>	<u>3,015,232</u>	<u>218,161</u>	<u>36,962</u>	<u>3,270,355</u>
<b>Fund Balance September 30, 2011</b>	<u>\$ 3,834,657</u>	<u>\$ 299,415</u>	<u>\$ 121,776</u>	<u>\$ 4,255,848</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Reconciliation of the Governmental Funds**  
**Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities**  
**Year Ended September 30, 2011**

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Net change in fund balances - total governmental funds	\$ 985,493
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	140,954
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation. This is the amount by which capital outlay exceeded depreciation in the current period.	351,883
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	182,267
Because some property taxes will not be collected for several months after the Agency's fiscal year ends, they are not considered "available" revenues in the governmental funds.	<u>124,332</u>
Change in net assets of governmental activities	<u>\$ 1,784,929</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements**  
**September 30, 2011**

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**1. Summary of Significant Accounting Policies**

**The Reporting Entity**

The Idaho Falls Redevelopment Agency (the Agency) was created in July, 1966 for the purpose of redeveloping and rehabilitating certain deteriorating areas in the City of Idaho Falls Idaho, and was re-established by a resolution from the Idaho Falls City Council dated October 20, 1988. The Agency is authorized under the 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 Idaho Falls, Idaho, because of its operational or financial relationship with the City. The City appoints the governing body of the Agency.

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for the state and local governments through its pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Agency are discussed below.

**Government-Wide and Fund Financial 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) in combined statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Agency's activities and general administrative services are classified as governmental activities. The Agency has no business-type activities.

The financial transactions of the Agency are reported in individual funds in the combined financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following governmental fund types are used by the Agency:

- The Special Revenue Funds consists of the Snake River Allocation Fund, the River Commons Allocation Fund and the Pancheri-Yellowstone Allocation Fund used to account for the property taxes received by the Agency and to disburse payments on the obligations of the Agency.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

**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.

*Accrual.* Governmental activities in the combined government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

*Modified Accrual.* 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; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, if any, is recognized when due.

**Budget**

Budgets for the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

**Cash and Investments**

Cash includes amounts in demand deposit accounts as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Under state law, the Agency may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Idaho law and national banks having their principle offices in Idaho. State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

The Agency has elected to deposit cash in excess of immediate needs into the State of Idaho Local Government Investment Pool (LGIP). The LGIP was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The LGIP is managed by the State of Idaho Treasurer's office. An annual audit of LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the LGIP. All other cash is deposited with local banks in checking or savings accounts.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements. The Agency is authorized to invest in the LGIP. This pooling is intended to improve administrative efficiency and increase investment yield. Investments are stated at cost which approximates fair value.

**Revenues and Property Taxes**

Substantially all governmental fund revenues are accrued. 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 increase in property taxes levied by the taxing districts after January 1, 1989.

In accordance with Idaho State law, property taxes are levied in September for each calendar year. All of the personal taxes and half of the real property taxes are due by December 20. The second half of the real property taxes is due by June 20. Property taxes attach as an enforceable lien as of January 1 of the following year. Notice of foreclosure is filed by the county clerk three years from the date of delinquency.

**Expenditure**

Expenditures are recognized when the related fund liability is incurred. Administrative expenses reflect amounts paid or payable to the City of Idaho Falls. The Agency's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Capital Assets**

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, which the Agency pays for, are ultimately donated to the City of Idaho Falls, Idaho.

**Insurance**

The Agency is exposed to certain risk of loss due to general liability, wrongful acts, faithful performance, and crime. The Agency has elected to transfer these risks through the purchase of insurance from a commercial enterprise.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**1. Summary of Significant Accounting Policies (continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Agency 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 amount of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through January 31, 2012, the date on which the financial statements were available to be issued. No subsequent events were identified which require disclosure.

**2. Cash and Investments**

**Deposits**

At September 30, 2011, the carrying amount of the Agency's deposits was \$1,174,431 and the respective bank balances totaled \$1,174,431. Of the bank balances, \$250,000 was insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

**Custodial Credit Risk, Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2011, \$924,431 of the Agency's total deposits of \$1,174,431 were not covered by Federal deposit insurance or the Securities Investor Protection Corporation, and thus were exposed to custodial credit risk.

**Investments**

As of September 30, 2011, the Agency had the following investments:

	<b>Fair Value</b>	<b>Investment Maturities in Years</b>			
		<b>Less than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More than 10</b>
State Investment					
Pool - AAAF	\$ 3,294,669	\$ 3,294,669	\$ -	\$ -	\$ -
	<u>\$ 3,294,669</u>	<u>\$ 3,294,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**2. Cash and Investments (continued)**

**Custodial Credit Risk Investments**

As of September 30, 2011, the Agency's investments were covered by collateral held by the pledging financial institution's trust department or agent in the name of the Agency, and thus had no investments that were exposed to custodial credit risk.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from changes in interest rates, the agency structures its portfolio so that securities mature to meet cash requirements for ongoing operations. The state investment pool is a short-term investment fund, participants have overnight availability to their funds and the weighted average maturity of investments at September 30, 2011, was 114 days.

**Credit Risk**

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the Agency's policy to limit investments to the safest types and to diversify the Agency's investment portfolio so that potential losses on securities will be minimized. The Agency follows Idaho statute that outlines qualifying investment options.

Reconciliation of cash and investments reported on the Statement of Net Assets and amounts classified as deposits for footnotes purposes:

Cash and investments as reported on the Statement of Net Assets	\$ 4,469,100
Cash and investments classified as investments	<u>(3,294,669)</u>
Total deposits	<u>\$ 1,174,431</u>

**3. Capital Assets**

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, are ultimately donated to the City of Idaho Falls. During the current fiscal year, the Agency incurred costs for the demolition and reconstruction of parking projects in conjunction with the Memorial Drive Improvement Project. The costs are being held as construction in progress at year end. There is no depreciation being taken on the assets. Once the parking project is completed, the asset will be transferred to the City.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**4. Long-term Liabilities**

Governmental long-term liability activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Snake River Allocation:</b>				
Promissory note 2004	\$ 3,560,903	\$ -	\$ (121,928)	\$ 3,438,975
<b>River Commons Allocation:</b>				
Promissory note 2008 (amended and restated January 16, 2009)	8,812,602	-	-	8,812,602
<b>Pancheri-Yellowstone Allocation:</b>				
Promissory notes 2008, 2009, 2010	19,025	-	(19,025)	-
	<u>\$ 12,392,530</u>	<u>\$ -</u>	<u>\$ (140,953)</u>	<u>\$ 12,251,577</u>

**Snake River Allocation:**

The Agency signed a \$4,042,000 Participant Limited Recourse Promissory Note, Series 2004 on November 15, 2004. The note matures on December 31, 2018, and the interest rate is 5.0%.

**River Commons Allocation:**

The Agency signed a \$6,906,310 Limited Recourse Promissory Note, Series 2008 on July 17, 2008. The note matures on December 31, 2029, and the interest rate is 6.25%. On January 16, 2009 the Agency approved an amendment and restatement of this note to include an additional \$1,946,292 for a total note balance of \$8,812,602. All other terms remained the same.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**4. Long-term Liabilities (continued)**

**Pancheri-Yellowstone Allocation;**

The Agency signed a \$99,482 Limited Recourse Promissory Note, Series 2008 on December 18, 2008. The note matures on December 31, 2019, and the interest rate is 6.25%. This note was retired during the current fiscal year.

The Agency signed a \$24,259 Limited Recourse Promissory Note, Series 2011 on January 21, 2001. The note matures on December 31, 2019, the interest rate is 6.25%. This note was retired during the current fiscal year.

The Agency signed a \$5,518 Limited Recourse Promissory Note, Series 2010 on August 30, 2010. The note matures on December 31, 2019, and the interest rate is 6.25%. This note was retired during the current fiscal year.

The above notes are not callable, unless in default, and are not subject to prepayment penalty if redeemed. The Agency has agreed to pay the note holders 75% of the tax increment monies which the Agency receives after deductions for the school credit, as set forth in the law, commencing upon receipt of tax increment monies received from the sites (as defined in the OPA's) until the principal is retired, whichever occurs first. The Agency's obligation to the note holders shall only be to pay above-described percentages or the amount of tax increment monies received by the Agency, notwithstanding said amount may be reduced, curtailed, or limited in any way, and there shall be no compounding of interest or amounts added to the principal in the event the tax increment monies are reduced, curtailed or limited in any way.

Because the tax increment monies to be received subsequent to these contracts cannot be reasonably estimated, debt service requirements through the next five years, have not been disclosed.

**5. Economic Dependency**

The Agency is currently involved with 3 major developers as a part of the Snake River Commons districts.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**6. Owner Participation Agreements**

The Agency entered into an owner participation agreement (OPA) with BV Lending, LLC in March of 2005 wherein the Agency agreed to participate in the cost of certain public improvements referred to as the River Commons project in an amount not to exceed \$8,852,602. Construction costs of \$8,852,602 were incurred and expensed in previous fiscal years. The OPA commitment at September 30, 2011, of \$8,852,602 has been completed.

The Agency entered into an owner participation agreement (OPA) with Taylor Crossing wherein the Agency agreed to participate in the cost of certain public improvements up to a maximum of \$6,335,000. Construction costs of \$1,184,180 were incurred and expensed in the current and previous fiscal years. The Agency paid an additional \$327,180 in construction costs during the current fiscal year. The balance of the outstanding OPA commitment at September 30, 2011 is still contingent upon future eligible and approved public improvements.

The Agency entered into an owner participation agreement (OPA) with Hotel Developers-Snake River LLC wherein the Agency agreed to participate in the cost of certain public improvements up to a maximum of \$105,000. The Agency approved an additional \$24,289 to be added to the original OPA for a total OPA of \$129,289. Construction costs of \$129,289 were incurred and expensed in the current and previous fiscal years. The OPA commitment at September 30, 2011, of \$129,289 has been completed.

**7. Memorial Drive Improvement Project**

The Agency entered into a design, engineering, and cost estimating service agreement with the City of Idaho Falls regarding the Memorial Drive Improvement Project. Under this agreement, the Agency is responsible for reimbursing the City for direct personnel expenses related to engineering design services, including surveying, as well as cost estimating and preparation of bid documents. This agreement lays the groundwork for phase 2 of the Memorial Drive Reconstruction project which will consist of the issuance of bid requests, acceptance of the bids and engaging the contractor to build the project. The City of Idaho Falls will be the project manager for construction. The Agency has committed \$1.6 million to the Memorial Drive Improvement project.

During the current fiscal year, the Agency spent an additional \$351,883 on the demolition and reconstruction of the parking projects. The Agency had previously committed \$680,000 for this project, but the actual costs were less than previously expected. This commitment has been fulfilled as of September 30, 2011.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Notes to Financial Statements (continued)**  
**September 30, 2011**

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**8. Fund Balances**

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

**Nonspendable fund balance** – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

**Restricted fund balance** – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

**Committed fund balance** – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. In the case of the Agency it is by Board action.

**Assigned fund balance** – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned fund balance** – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental fund, it may be necessary to report a negative residual balance as unassigned.

	<b>Snake River Allocation Fund</b>	<b>River Commons Allocation Funds</b>	<b>Pancheri- Yellowstone Allocation Fund</b>	<b>Total</b>
Fund Balances:				
Committed				
Memorial Drive Project	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000
Contingency Balance	300,000	-	-	300,000
Assigned	<u>1,934,657</u>	<u>299,415</u>	<u>121,776</u>	<u>2,355,848</u>
Total Fund Balances	<u>\$ 3,834,657</u>	<u>\$ 299,415</u>	<u>\$ 121,776</u>	<u>\$ 4,255,848</u>

**Required Supplementary Information**

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Snake River Allocation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual**  
**Year Ended September 30, 2011**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Property taxes	\$ 2,200,000	\$ 1,878,674	\$ (321,326)
Penalties and interest	-	8,409	8,409
Earnings on investments	7,300	9,281	1,981
<b>Total Revenues</b>	<b>2,207,300</b>	<b>1,896,364</b>	<b>(310,936)</b>
<b>Expenditures</b>			
Administrative	43,000	36,560	6,440
Insurance	5,000	2,837	2,163
Professional services	105,000	40,612	64,388
Office and other	4,300	19,383	(15,083)
Debt service			
75% of OPA	725,000	-	725,000
Interest	-	176,555	(176,555)
Principal	-	121,929	(121,929)
Cost of construction	3,600,000	351,883	3,248,117
Participation costs	-	327,180	(327,180)
<b>Total Expenditures</b>	<b>4,482,300</b>	<b>1,076,939</b>	<b>3,405,361</b>
Net change in fund balance	(2,275,000)	819,425	3,094,425
Fund balance - October 1, 2010	1,600,000	3,015,232	1,415,232
Fund balance - September 30, 2011	\$ (675,000)	\$ 3,834,657	\$ 4,509,657

See Independent Auditors' Report.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**River Commons Allocation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual**  
**Year Ended September 30, 2011**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Property taxes	\$ 430,000	\$ 374,874	\$ (55,126)
Earnings on investments	500	575	75
<b>Total Revenues</b>	<b>430,500</b>	<b>375,449</b>	<b>(55,051)</b>
<b>Expenditures</b>			
Administrative	4,000	1,500	2,500
Insurance	500	-	500
Professional services	10,000	2,148	7,852
Office and other	200	-	200
Debt service			
75% of OPA	350,000	-	350,000
Interest	-	290,547	(290,547)
Principal	-	-	-
Cost of construction	65,800	-	65,800
<b>Total Expenditures</b>	<b>430,500</b>	<b>294,195</b>	<b>136,305</b>
Net change in fund balance	-	81,254	81,254
Fund balance - October 1, 2010	218,161	218,161	-
Fund balance - September 30, 2011	\$ 218,161	\$ 299,415	\$ 81,254

See Independent Auditors' Report.

**IDAHO FALLS REDEVELOPMENT AGENCY**  
**Pancheri-Yellowstone Allocation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual**  
**Year Ended September 30, 2011**

	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>			
Property taxes	\$ 100,000	\$ 106,382	\$ 6,382
Earnings on investments	100	151	51
<b>Total Revenues</b>	<b>100,100</b>	<b>106,533</b>	<b>6,433</b>
<b>Expenditures</b>			
Administrative	3,000	1,500	1,500
Insurance	500	-	500
Professional services	2,000	500	1,500
Office and other	200	-	200
Debt service			
75% of OPA	25,000		25,000
Interest	-	694	(694)
Principal	-	19,025	(19,025)
Cost of construction	69,400		69,400
<b>Total Expenditures</b>	<b>100,100</b>	<b>21,719</b>	<b>78,381</b>
Net change in fund balance	-	84,814	84,814
Fund balance - October 1, 2010	36,962	36,962	-
Fund balance - September 30, 2011	\$ 36,962	\$ 121,776	\$ 84,814

See Independent Auditors' Report.



**RUDD & COMPANY, LLC**

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

To the Board of Trustees  
Idaho Falls Redevelopment Agency  
Idaho Falls, Idaho

We have audited the financial statements of the governmental activities and each major fund of the Idaho Falls Redevelopment Agency, (the Agency), a component unit of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2011 which collectively comprise the Idaho Falls Redevelopment Agency's **basic financial statements**, and have issued our report thereon dated January 31, 2012. We conducted our audits 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 Idaho Falls Redevelopment 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 Idaho Falls Redevelopment Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Idaho Falls Redevelopment Agency's internal control over financial reporting.

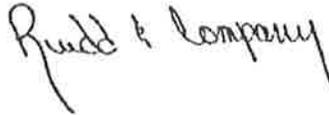
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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 the Idaho Falls Redevelopment 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, management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Rudd & Company".

January 31, 2012