

**ASHTON URBAN RENEWAL  
AGENCY**

---

**2010  
ANNUAL REPORT**

## 2010 ANNUAL REPORT

### ASHTON 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. The fiscal year for municipalities and most other political subdivisions of the State of Idaho runs from October 1<sup>st</sup> through September 30<sup>th</sup>. Consequently, any formal financial statement would be limited to a report through the end of the entity's fiscal year. By statute, an urban renewal Agency shall have the same fiscal year as a municipality and is subject to the same audit requirements as a municipality. Under Idaho Code Section 67-450B an urban renewal Agency whose annual expenditures are between \$100,000 and \$250,000, may elect to have its financial statements audited on a biennial basis. Though the annual expenditures do not exceed \$250,000 for the Ashton Urban Renewal Agency, the Agency has elected to proceed with annual audits.

The Ashton Urban Renewal Agency has prepared this report covering the period from January 1<sup>st</sup>, 2010 through December 31<sup>st</sup>, 2010. Even though the Agency budget does not exceed \$250,000 the Agency has elected to have annual audits prepared. The financial reporting for FY 2010 was prepared by Jensen Poulsen & Company, PLLC of Rigby, Idaho. The financial statement has been approved by the Board and is attached hereto and made a part thereof.

The Ashton Urban Renewal Agency held its first meeting of the new year on January 7, 2010 at the Ashton Community Center, Ashton, Idaho. The meeting started with introductions. The discussion that followed ranged from meeting notices, keeping of Agency minutes and archiving of legal documents, to the administration of the Agency by ECIPDA. Ashton City Councilwomen Penny Vasquez was particularly interested how the Agency functions and how tax increment financing for urban renewal projects works. The map of the urban renewal

district was reviewed and the Plan document was discussed. Also discussed were what conditions were present in the urban renewal district that qualified it for designation as an urban renewal area. A complete explanation was given on how the tax base is established and how taxes are collected by the Fremont County Treasurer from new development in the urban renewal area. It was noted that Ashton's urban renewal district was set up for a thirty year time period and will expire in December of 2026. It was also noted that if no new projects are determined for completion in the existing district the Agency can close out and the existing district and the tax increment collected and held in reserve returned to the taxing districts. The tax increment funds stay in the Agency coffers each year and are not returned to the taxing entities if they are not spent.

The makeup of the Board of Directors was discussed and the fact that the Board has to have a minimum of three Board Members and a maximum of nine. The Board Members are appointed by the Mayor and confirmed by the City Council. It was stated that at the time the City Council appoints the Board Members the Agency becomes a body separate from the City Council and the City Council does not influence the decisions made by the Agency.

The Chairman of the Board, Steve Knapp, requested that the November 3, 2009 meeting minutes be read aloud. The minutes from that meeting dealt with the possibility of buying a piece of property in the downtown area which could be developed into an urban renewal project. The property would have been purchased with urban renewal funds. The project in discussion was that of developing that parcel in question into a parking area. It was noted that the Mayor and City Council had given their approval to purchase the property. But during the process it was determined under the terms of the Urban Renewal Plan the property could not be purchased. It was determined that the Plan document would have to be amended to include text for property acquisition. The terms for the purchase of the property were discussed and the value placed on the lots by the County Assessor was discussed and was felt to have been set too high.

The Chairman of the Board then requested that the minutes from the December 11, 2009 meeting be read aloud. The meeting content centered around the purchase of the parcel in

downtown Ashton for use as a parking lot. After the reading of the minutes the discussion at the meeting then shifted to possible projects in the downtown urban renewal area of Ashton. It was pointed out that another reason the Agency had considered purchasing the property was for the possible resale to a business that might consider constructing a building to house a new business. It was indicated that the owner of the property had been contacted and was willing to sell the parcel to the Agency. The issue of the appraised value of the parcel in question being too high was discussed as well. The purchase price was discussed by the Board as well as the idea of purchasing other parcels in the downtown area for possible use as urban renewal projects. The fact that downtown Ashton does not need more parking was discussed as well as the possible use of the property in question as a pocket park. The idea of amending the Plan document was again discussed. The idea of an asbestos problem with the lot was also brought up for discussion.

At this point in the meeting the Chairman of the Board took the opportunity to introduce new board member Jeff Hamilton. A motion was also made at that time to approve the minutes from the November 7 and December 11, 2009 meetings. The motion was seconded and approved by the Board.

At this point in the meeting, making an amendment to the Urban Renewal Plan was discussed. The thought of amending the Plan so that other projects could be completed was also discussed. It was noted that ninety five percent of the projects originally outlined for completion in the urban renewal district have been completed and that if enough time remained in the time period of the Plan it would be wise to amend and get more projects completed that would help the City. It was expressed that perhaps the Plan should be amended to be more general in nature in order to allow for completion of a wider scope of projects. A motion was made to get a price on the amendment of the scope of the existing Plan document so that the Board would know what to expect for legal fees. A motion was made to table the earnest money agreement on the purchase of the property downtown until the pricing on the amendment options could be obtained. The motion was seconded and carried by the Board. It was noted that the Purchase and Sale Agreement was drafted by the City and County Attorney

Joette Lookabaugh so that in the event the Agency decided to purchase the property an agreement document would be ready.

The next meeting date was scheduled for January 21, 2010 at 4:30 PM at the Community Center, in Ashton, Idaho. The final item of business at the meeting was presentation of the invoices for payment for legal fees from Elam & Burke and administrative fees from ECIPDA. A motion was made to pay both invoices as presented. The motion was seconded. Motion carried. A motion was then made to adjourn the meeting. The motion was seconded and carried by the Board.

During the month of January 2010 three requests for copies of documents and information from the Ashton Urban Renewal Agency archives were made. The requests were made by Councilwoman Penny Vasquez. The documents requested were provided to Councilwoman Vasquez and she acknowledged receipt of them by signature.

The meeting scheduled for January 21, 2010 was not conducted due to a lack of Board Members to constitute a quorum.

March 23, 2010 saw the Ashton Urban Renewal Agency Board convene at the Ashton Community Center Gymnasium, in Ashton, Idaho. Chairman Steve Knapp asked if there were any changes to the minutes from the January 7, 2010 meeting. No changes were noted and a motion was made to approve the minutes as presented. The motion was seconded and carried by the Board.

Invoices were presented for payment from Jensen Poulsen & Company, PLLC for preparation of the FY 2009 audit, Elam & Burke for legal fees, and ECIPDA for administrative services. A motion was made to approve payment of the invoices as presented. The motion was seconded and carried by the Board.

The next item of business was presentation of the 2009 Annual Report. The report is a review of the activities of the Agency for the calendar year 2009 and also included a copy of the

FY 2009 Financial Statements prepared by Jensen Poulsen & Company, PLLC. The Agency is required by Idaho Statute to have the report prepared by March 31 of the following calendar year and is required to give the public notice of where the report can be reviewed, those places being Ashton City Hall, Ashton, Idaho and the offices of the Agency at 299 East 4<sup>th</sup> North, Rexburg, Idaho. The Notice to the Public was published in the *Standard Journal* newspaper on March 30, 2010. A motion was made to accept the report as prepared. The motion was seconded and carried by the Board.

The FY 2009 Audit was not presented by the accounting firm of Jensen Poulsen & Company, PLLC that prepared it. A letter was provided by Sheri Poulsen of the accounting firm stating that the Agency completed a street lighting project in downtown Ashton with costs totaling \$181,683.00. The only other major expenditure for the Agency was payment to the Bank of Idaho on the loan the Agency had, which payoff was in the amount of \$48,483.37. It was noted that the projected revenue for FY 2009 was approximately \$12,000 less than budgeted and expenses were \$71,909 less than was budgeted. This was due to the fact that the expenses on the lighting project were less than projected. At the end of the fiscal year cash on hand was \$86,267. It was noted by Chairman Knapp that the Agency was debt free and had a cash reserve for future projects. A motion was made to accept the FY 2009 audit as presented. The motion was seconded and carried by the Board.

The final discussion topic at the meeting was the issue of whether to amend the existing Urban Renewal Plan and add more area or to terminate the Plan. There was discussion about how adding additional areas would affect the taxing districts and an explanation was given on how the tax base works and how new development affects the taxing districts and the amount of tax increment they receive. After further discussion it was decided to get the actual urban renewal area map and have the Fremont County Treasurer come to the next meeting so that the map could be reviewed and a report could be give on the status of the tax increment collection in the urban renewal district. A motion was made to table further discussion of the amendment to the Plan until further information could be obtained and reviewed. The motion was seconded and carried by the Board.

The next meeting of the Board was scheduled for Thursday, April 8, 2010 at 4:30 PM. A motion was made to adjourn the meeting. The motion was seconded and carried by the Board.

Chairman Knapp called the April 8, 2010 meeting to order at the Ashton Community Center, Ashton, Idaho. He introduced special guests Fremont County Treasurer Patricia McCoy and Deputy J'lene Cherry. He then asked if there were any changes to the meeting minutes from the March 25, 2010 meeting. Hearing none he entertained a motion to accept the minutes as presented. The motion was seconded and carried by the Board.

Chairman Knapp then asked Fremont County Treasurer Patricia McCoy to give a report on the tax collection in the urban renewal area. She noted that delinquencies totaled \$88,637.97. The motel property was to have tax deeding proceedings started in the spring of 2011 if one year's taxes are not paid. She noted that the motel taxes are approximately \$20,000 per year. The exact legal description of the urban renewal area was discussed and it was decided to get the legal description and have it platted out by the GIS Department at Fremont County.

Final business at the meeting was discussion on the Urban Renewal Plan and what options the Agency had in regards to amending the Plan. It was explained that when the Urban Renewal Agency was initially created it was done so with the intent to revitalize the downtown area which was done in connection with a block grant obtained from the Department of Commerce. When the idea of purchasing lots in the downtown area was brought up the Plan document was reviewed and it was found that the document did not have the text for purchasing property in its content. Legal counsel advised the Agency that if they want to pursue that type of activity the Plan document would have to be amended.

Another choice the Agency had considered was to expand the existing urban renewal area to include properties that met the criteria for inclusion in an urban renewal district which would include slum and blight. It was explained to the Board that if an expansion were done, no more than ten percent of the tax base of the City of Ashton could be included. The new area

to be included would have to have the possibility of future development that would generate new tax increment. If a new area were added it would have to be contiguous to the existing area. If that were not possible, a new Plan would have to be set up and the new area would be a standalone area separate and apart from the existing area.

The final choice would be to close out the existing district and let the tax increment go back to the taxing entities. It was explained that there are still projects that could be done in the existing urban renewal area. Chairman Knapp suggested that the City Council be contacted to get their input on how to proceed. Mayor Stronks suggested that he talk to the Council before the Agency meets with them to give them time to think about new projects. Mayor Stronks asked that a letter be sent to the Council from the Agency stating the choices that are available regarding amending the existing Plan, adding to or creating a new district and closing out the existing district. The question was asked what the Agency would do with the tax increment if no other projects were completed and the response was that the district would be closed out and the tax increment would be returned to the taxing entities. The suggestion was made to use urban renewal funds for match funds for a block grant to do additional revitalization in the downtown area.

No other business was presented and a motion was made to adjourn the meeting. The motion was seconded and carried by the Board. No future meeting date was scheduled.

The next meeting of the Ashton Urban Renewal Agency was held on August 11, 2010 at the Council Chambers of Ashton City Hall, Ashton, Idaho. The first item of business at the meeting was a presentation by Brigg Skoy of Premier Site Furniture. Mr. Skoy stated that Premier Site Furniture manufactures powder coated outdoor furniture and that they have been in business for four years in Rexburg, Idaho. He explained the process of manufacturing the furniture by laser cutting the furniture out of quarter inch steel and then electrostatically applying the powder coat to the furniture. The furniture is rust proof and very durable. He explained the cost for the different types of benches and the trash receptacles. Chairman Knapp thanked Mr. Skoy for his presentation.

Chairman Knapp asked if there were any changes to the meeting minutes from the April 8, 2010 meeting. A motion was made to accept the minutes with one change noted. The motion was seconded and carried by the Board.

The FY 2011 budget was presented next at the meeting. The budget document consisted of the FY 2009 Actual figures, the FY 2010 Budget figures, the FY 2010 Projected Yearend figures and the FY 2011 Proposed Budget figures. The budget was balanced at \$160,312. Cash to be carried forward was in the amount of \$109,912 with projected tax increment revenue to be \$50,000. It was noted that there are several properties that have tax delinquencies in the urban renewal area, the largest being the motel with a delinquency of \$59,976. On the expense side of the budget it was questioned whether the amounts for administration and legal expense should be increased. It was decided to determine those amounts after the discussion on whether to amend the urban renewal Plan. The budget was tabled until the amendment issue was discussed.

The Plan amendment issue was the next item of business at the meeting. Chairman Knapp stated that the City Council had been contacted by a letter from the Agency and were given the three options the Agency was considering, those being to do nothing and leave the Plan as it was and do projects, the second option was to amend the Plan and include additional activities within the existing urban renewal area and the third choice was to determine if there were properties contiguous to the existing area that could be added to the existing urban renewal area. Mayor Stronks stated that the City Council had discussed the options and determined that they would like to see additional properties added to the existing urban renewal Plan. It was noted that there was talk around Ashton about possible projects and areas that could be added and redeveloped into buildings and parks that would benefit the City. It was also expressed that probably the best scenario would be to expand the existing area and to use the tax increment from the existing area to do projects in the new area. The ten percent tax base limitation was mentioned as well as the fact that the new area added would have to fit the criteria for inclusion in an urban renewal district. After final discussion a motion was made to expand the existing urban renewal area. The motion was seconded and carried by the Board. It

was suggested that a committee be set up to work with consultant Harlan Mann to start proceedings to expand the area.

After it was determined by the Board to amend and expand the urban renewal area, the expense line items for the FY 2011 budget were reviewed. It was decided to add consultant fees to the legal line item so that the line item would read Legal/Consultant Fees with the amount of \$25,000. The Administrative Fees were increased to \$10,000. It was suggested that a new letter be obtained from legal counsel, Ryan Ambruster of Elam & Burke with the amounts to amend the Plan so that the information is current. The suggestion to have a large scale map at the next meeting was made for use in roughing in new areas to add to the existing district. A motion was made to approve the proposed FY 2011 budget with changes. The motion was seconded and carried by the Board.

The audit engagement letter for preparation of the FY 2010 audit was presented. Jensen Poulsen & Company, PLLC quoted the Agency the price of \$950.00 to prepare the audit. It was noted that they have done the auditing for the City of Ashton and Fremont County for many years and have done an excellent job. A motion was made to accept the engagement letter from Jensen Poulsen & Company, PLLC to prepare the FY 2010 audit. The motion was seconded and carried by the Board.

Final business at the meeting was possible new projects. Ideas suggested were additional light poles in strategic places in the downtown area that are in need of better night time light. Other suggestions were curb and gutter replacement and installation and the idea of converting the old hospital into a business incubator. The final suggestion was that a letter requesting suggestions from the citizens of Ashton for possible projects be circulated to the citizens of Ashton asking for ideas for projects and that a box be placed at City Hall for the responses as well as an email address for that same purpose.

The budget hearing date was set for August 26, 2010 at 4:00 PM with the notice to be published in the *Standard Journal*, newspaper giving the public notice of the meeting date and

place of the hearing. A motion was made to adjourn the meeting until that date. The motion was seconded and carried by the Board.

The Notice of Public Hearing for the Ashton Urban Renewal Agency for the Proposed Budget for Fiscal Year 2011 was published twice in the *Standard Journal* newspaper on August 17 and 24, 2010. The notice gave the public the time, date and location of the public hearing as well as information for people with disabilities to make arrangements for accommodations to attend the Public Hearing.

The special meeting of the Agency was convened on August 26, 2010 at the Council Chambers of the Ashton City Hall, Ashton, Idaho. The first item of business at the meeting was the Budget Hearing for the FY 2011 Budget. The Chairman of the Board stated that this was the time and place for the public hearing on the FY 2011 Proposed Budget for the Ashton Urban Renewal Agency. The Hearing was conducted under the authority of Idaho Code Section 50-1002, as required by recent amendments to the Idaho Local Economic Development Act which governs urban renewal agencies. By way of background, the Agency Board at its meeting of August 11, 2010 tentatively approved a budget for FY 2011. The Agency then took steps to publish Notice of the Budget and this date as the date for any person to appear and show cause, if any, why such budget should or should not be adopted. He then asked if anyone wished to testify on the budget and asked that they sign the sign-up sheet listing their name, address and telephone number. He asked that when testifying to please state your name and address for the record. It was then asked that before taking any public testimony, if any member of the Board had any questions or comments about the budget since the last meeting on the budget. At that time no Board Members made any comments. The Chairman of the Board then asked of anyone in the audience would like to testify on the budget. He stated that having heard no public comment he declared the Public Hearing closed. He then asked for a motion to approve the budget by adoption of Resolution 2010-01. A motion was made to approve the FY 2011 Budget by adoption of Resolution 2010-01. The motion was seconded and carried by the Board.

The next item of business was consideration of the engagement letter from Elam & Burke for preparation of the amendment to the Plan document. Terms to complete the amendment were \$12,000 for legal services and \$7,000 for consultant fees for a total of \$19,000. The letter stated the scope of work and the time line for that work to be completed. After discussion a motion was made to accept the terms of the agreement letter from Elam & Burke. The motion was seconded and carried by the Board.

The final item of business for the Board to consider was the distribution of a map for the Board Members to use in considering new areas to add to the urban renewal area. It was noted that the letter had been sent out to the public asking for suggestions for possible projects in the downtown area and that the responses are to be turned in to City Hall.

A firm meeting date was not established for the next meeting in order to give the Board and the community time to think about projects and additions to the project area. A motion was made to adjourn the meeting until further notice. The motion was seconded and carried by the Board.

This was the final meeting of the Agency for calendar year 2010.

A letter of resignation was tendered in December 2010 by Chairman Steve Knapp. Chairman Knapp's wife had a heart surgery that required his full time and attention in helping her get back to health which precipitated his resignation. He served well and accomplished all that he was asked to do. He will be missed by the Board and we wish him and his wife good health and happiness.

**ASHTON URBAN RENEWAL AGENCY**

**General Purpose Financial Statements  
with  
Required Supplemental Information  
and  
Independent Auditor's Report  
For the Year Ended  
September 30, 2010**

ASHTON URBAN RENEWAL AGENCY

Table of Contents

Independent Auditor's Report	Page 1-2
<b>General Purpose Financial Statements:</b>	
Governmental Funds Balance Sheet/Statement of Net Assets	3
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	4
Notes to the Financial Statements	5-8
<b>Required Supplementary Information:</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual—All Governmental Funds	9
Notes on Required Supplemental Information	10
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	11

# JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS  
183 S. CAPITAL  
IDAHO FALLS, IDAHO 83405-0700

ERNEST M. JENSEN, M.B.A., C.P.A.  
ROBERT B. POULSEN, C.P.A.  
SHERI L. POULSEN, C.P.A.

TELEPHONE: (208) 522-8295  
(208) 522-1330  
FAX: (208) 522-2297  
(208) 523-1609

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ashton Urban Renewal Agency  
Rexburg, ID 83440

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Ashton Urban Renewal Agency, Ashton, Idaho, as of and for the year ended September 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's board. 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 Ashton Urban Renewal Agency, Ashton, Idaho, as of September 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 8, 2011 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. The Agency has elected to not present the Management's Discussion and Analysis (MD&A), which is management's analysis of the Agency's financial activities based on currently known facts, decisions, or conditions. We have applied certain limited procedures to the required supplementary information on page 9 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The information has been subjected to auditing procedures applied in the audit of the and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Jensen Poulsen & Company, PLLC*  
JENSEN POULSEN & COMPANY, PLLC  
Certified Public Accountants

Idaho Falls, Idaho  
March 8, 2011

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**ASHTON URBAN RENEWAL AGENCY**  
**Governmental Funds Balance Sheet/Statement of Net Assets**  
**September 30, 2010**

	General Fund	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Cash	\$ 128,079	\$	\$ 128,079
Taxes receivable	64,237		64,237
Total assets	\$ 192,316	\$ -	\$ 192,316
<b>LIABILITIES</b>			
Accounts payable	\$ 638	\$	638
Deferred revenue	47,956	(47,956)	-
Total liabilities	\$ 48,594	\$ (47,956)	\$ 638
<b>FUND BALANCE/NET ASSETS</b>			
Fund balances:			
General fund	\$ 132,785	\$ (132,785)	\$ -
Prior period adjustment	10,937	(10,937)	-
Total fund balance	\$ 143,722	\$ (143,722)	\$ -
Total liabilities and fund balance	\$ 192,316		
<b>Net assets:</b>			
Unrestricted		191,678	191,678
Total net assets	\$	191,678	\$ 191,678

The notes to the financial statements are an integral part of this statement.

**ASHTON URBAN RENEWAL AGENCY**  
**Statement of Governmental Fund Revenues, Expenditures and**  
**Changes In Fund Balances/Statement of Activities**  
**For the Year Ending September 30, 2010**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>General revenues:</b>			
Property taxes	\$ 54,836	\$ (13,419)	\$ 68,255
Interest earnings	301		301
Total general revenues	<u>\$ 55,137</u>	<u>\$ (13,419)</u>	<u>\$ 68,556</u>
<b>Expenditures/expenses</b>			
Legal	\$ 1,883	\$	\$ 1,883
Administrative	5,367		5,367
Audit	895		895
Miscellaneous	474		474
Capital outlay	-		-
Total expenditures/expenses	<u>\$ 8,619</u>	<u>\$ -</u>	<u>\$ 8,619</u>
Excess of revenues over expenditures	46,518	(46,518)	
Change in net assets		59,937	59,937
<b>Fund balance/net assets:</b>			
Beginning of the year	86,267		120,804
Prior period adjustment	10,937		10,937
End of the year	<u>\$ 143,722</u>	<u>\$ -</u>	<u>\$ 191,678</u>

The notes to the financial statements are an integral part of this statement.

## ASHTON URBAN RENEWAL AGENCY

Notes to the Financial Statements  
September 30, 2010

### NOTE 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. REPORTING ENTITY

The accompanying financial statements present the activities of The Ashton Urban Renewal Agency, which is organized and operates under the provision of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code). The accounting policies and practices of the Agency conform to generally accepted accounting principles applied to governments, except for the exception noted hereafter:

##### B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

###### Basis of Presentation

*Government-wide Statements and Fund Financial Statements:* The Governmental Funds Balance Sheet and Statement of Net Assets are combined and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities are combined. The statement of net assets and the statement of activities display information about the Agency. These statements include the financial activities of the overall Agency. The Ashton Urban Renewal Agency has no business type activities.

The Agency reports the following major governmental fund:

**General Fund:** The fund is established to account for resources devoted to financing the general services that the Agency performs for its patrons. General tax revenues and other sources of revenue used to finance the fundamental operations of the Agency are included in this fund. This fund is charged with all costs of operating the Agency for which a separate fund has not been established. The Agency has no other funds.

###### Measurement Focus, Basis of Accounting

*Government-wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available. The Agency considers property taxes to be available if they are collected within 60 days after year-end and are in the hands of intermediary collecting government. Other major revenues are susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

ASHTON URBAN RENEWAL AGENCY

Notes to the Financial Statements  
September 30, 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Exceptions to this general rule include:

- 1) Accumulated unpaid vacation and sick pay.
- 2) Principal on general long-term debt, which is recognized when due.
- 3) Contingent claims on liabilities which the Agency does not recognize as valid or which is not measurable in regard to a liability amount.

The Agency does not maintain a formal encumbrance system, but in lieu, exercises control through the administration of the budget process.

C. DEPOSITS AND INVESTMENTS

The Agency maintains a checking account for the general fund.

D. CASH AND CASH EQUIVALENTS

The Agency considers cash and cash equivalents in all funds to be cash on hand and demand deposits.

E. RECEIVABLES AND PAYABLES

All property tax receivables are shown net of an allowance for uncollectibles.

F. PROPERTY TAXES

The Agency does not levy property taxes; however, it is entitled to the net increase in property taxes levied by other taxing entities within its jurisdiction after August 1, 1994.

In accordance with Idaho Code, property taxes are levied in September for each calendar year. One half of all taxes (real, personal, and utility) are due by December 20, of the current year. The second halves of the taxes are due June 20 of the following year. 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. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes not collected before December 1 of the current year are classified as deferred revenues.

G. INVENTORIES AND PREPAID ITEMS

The Agency does not have inventories or prepaid items as of September 30, 2010.

H. CAPITAL ASSETS AND DEPRECIATION

The Agency does not own any capital assets.

**ASHTON URBAN RENEWAL AGENCY**

**Notes to the Financial Statements  
September 30, 2010**

**NOTE 2 CASH AND INVESTMENTS**

The Agency's deposits are not collateralized nor are they required to be by Idaho Code.

The total bank deposits at September 30, 2010 were \$128,079 of which \$128,079 was insured by the Federal Deposit Insurance Corporation (FDIC), regulations for which are published in the Code of Federal Regulations (12 C.F.R. Part 330).

The Agency follows the requirements of the Idaho Public Depository Law (Idaho Code Section: Title 57-100) and applicable investment rights and restrictions cited by Idaho Code Section, Title 67-67-1210.

**NOTE 3 RECEIVABLES**

Receivables at year end consist of the following:

Property Taxes	\$ 64,237
----------------	-----------

**NOTE 4 LITIGATION**

The Agency is not presently in active litigation. Nor is the Agency aware of any pending litigation or pending claims.

**NOTE 5 CONTINGENT LIABILITIES**

The Agency did not participate in any federally assisted grant program during the current year.

**NOTE 6 INTERNAL CONTROL**

The Agency is organized and functions under the standards prescribed by the Idaho Constitution and conforms to such standards in relation to the segregation of duties and responsibilities for internal control purposes. The Agency has an administration agreement with the East-Central Idaho Planning and Development Association, Inc. (ECIPDA) for administrative and accounting services. ECIPDA is subject to an annual financial audit.

**NOTE 7 RELATED PARTY TRANSACTIONS**

The Agency has not been involved in any related party transactions that would violate the Idaho Code or applicable federal regulations.

**NOTE 8 RETIREMENT COMMITMENTS/COMPENSATED ABSENCES**

The Agency does not have any employees.

ASHTON URBAN RENEWAL AGENCY

Notes to the Financial Statements  
September 30, 2010

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

The Agency had no commitments or contingencies at year end.

**NOTE 10 SUBSEQUENT EVENTS**

The Agency had no subsequent events at year end.

**NOTE 11 EXPLANATION OF ADJUSTMENTS ON STATEMENT OF ACTIVITIES**

Net change in fund balance-total governmental funds \$ 46,518

Tax revenues are deferred and not recognized in the funds until until they are available to pay for current period expenditures. In the Statement of Activities, however, they are recognized when levied. This is the difference between the amount deferred at the beginning and end of the current period.

Deferred revenue – 2010	\$ 47,956	
Deferred revenue – 2009	<u>(34,537)</u>	13,419

Change in Net Assets of Governmental Activities \$ 59,937

**NOTE 12 EXPLANATION OF ADJUSTMENTS ON STATEMENT OF NET ASSETS**

Total fund balance – governmental fund \$ 143,722

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund. 47,956

Total net assets for governmental activities. \$ 191,678

**NOTE 13 PRIOR PERIOD ADJUSTMENT**

The Agency had a prior period adjustment in the amount of \$ 10,937 related to property tax receivable and revenue that was not recorded correctly in 2009. In 2009, Fremont County was in the process of converting their property tax billing system. The old system did not isolate Urban Renewal property tax balances as accurately as the new billing system.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ASHTON URBAN RENEWAL AGENCY**  
**Statement of Revenues, Expenditures and Fund Balances**  
**Budget vs. Actual**  
**For the Year Ending September 30, 2010**

	<b>General Fund</b>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Tax revenues	\$ 55,000	\$ 54,836	\$ (164)
Interest earnings	\$ 1,000	\$ 301	\$ (699)
<b>Total Revenues</b>	<u>\$ 56,000</u>	<u>\$ 55,137</u>	<u>\$ (863)</u>
<b>EXPENDITURES</b>			
<b>Administration</b>			
Legal	\$ 100	\$ 1,883	\$ 1,783
Administrative	\$ 3,000	\$ 5,367	\$ 2,367
Audit	\$ 900	\$ 895	\$ (5)
Miscellaneous	\$ 750	\$ 474	\$ (276)
<b>Capital Outlay</b>			
Capital Outlay	\$ 146,250	\$ -	\$ (146,250)
<b>Total expenditures</b>	<u>\$ 151,000</u>	<u>\$ 8,619</u>	<u>\$ (142,381)</u>
<b>Excess Revenues Over Expenditures</b>	\$ (95,000)	\$ 46,518	\$ 141,518
<b>Fund Balance--October 1</b>	<u>\$ 86,267</u>	<u>\$ 86,267</u>	<u>\$ -</u>
<b>Prior period adjustment</b>		\$ 10,937	\$ 10,937
<b>Fund Balance--September 30</b>	<u>\$ (8,733)</u>	<u>\$ 143,722</u>	<u>\$ 152,455</u>

The notes to the financial statements are an integral part of this statement.

**ASHTON URBAN RENEWAL AGENCY**

**Notes to the Required Supplemental Information  
September 30, 2010**

**NOTE 1**

**BUDGETS AND BUDGETARY ACCOUNTING**

The Idaho Constitution and Idaho Code prescribe the budget process and procedures for governmental subdivisions. The budget process for governmental funds is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

# JENSEN POULSEN & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS  
185 S. CAPITAL  
IDAHO FALLS, IDAHO 83405

ERNEST M. JENSEN, M.B.A., C.P.A.  
ROBERT B. POULSEN, C.P.A.  
SHERI L. POULSEN, C.P.A.

TELEPHONE: (208) 522-2295  
(208) 522-2330  
FAX: (208) 522-2392  
(208) 522-6600

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

Board of Directors  
Ashton Urban Renewal Agency  
Ashton, Idaho

We have audited the financial statements of the Ashton Urban Renewal Agency, Ashton, Idaho as of and for the year ended September 30, 2010, and have issued our report thereon dated March 8, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Agency's Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Jensen Poulsen & Company, PLLC.*  
JENSEN POULSEN & COMPANY, PLLC  
Certified Public Accountants

Idaho Falls, ID  
March 8, 2011