

**GARDEN CITY, IDAHO  
URBAN RENEWAL AGENCY**

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Audited Financial Statements and  
Required Supplementary Information

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For the Year Ended September 30, 2013

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## Independent Auditor's Report

Board of Commissioners  
Garden City, Idaho Urban Renewal Agency  
Garden City, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the remaining fund information of Garden City, Idaho Urban Renewal Agency (the Agency), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **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 the remaining fund information of the Garden City, Idaho Urban Renewal Agency, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 15 through 17 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the Garden City, Idaho Urban Renewal Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Garden City, Idaho Urban Renewal Agency's internal control over financial reporting and compliance.

*Zwyzart & Associates PC*

Nampa, Idaho  
November 25, 2013

**Garden City, Idaho Urban Renewal Agency**  
Statement of Net Position  
September 30, 2013

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 607,567
Receivables, Net:	
Property Taxes	141,115
Interest	29
Total Assets	748,711
<b>Deferred Outflows</b>	-
<b>Liabilities</b>	
Accounts Payable	214,379
Deferred Revenue	59,382
Total Liabilities	273,761
<b>Deferred Inflows</b>	-
<b>Net Position</b>	
Restricted	495,010
Unrestricted	(20,060)
Total Net Position	\$ 474,950

The accompanying notes are an integral  
part of the financial statements

**Garden City, Idaho Urban Renewal Agency**  
Statement of Activities  
For the Year Ended September 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
Governmental Activities:					
Urban Renewal Agency	\$ 29,492	\$ -	\$ -	\$ -	\$ (29,492)
Reimbursed Capital Assets	1,736,664	-	-	-	(1,736,664)
Donated Capital Assets	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 1,766,156</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,766,156)</b>
General Revenues:					
Property Taxes					726,294
Interest Earnings					1,996
Other Income					250
Total General Revenues and Special Items					728,540
Change in Net Position					(1,037,616)
Net Position, Beginning of Year					1,512,566
Net Position, End of Year					<u>\$ 474,950</u>

The accompanying notes are an integral  
part of the financial statements

**Garden City, Idaho Urban Renewal Agency**

Balance Sheet -  
Governmental Funds  
September 30, 2013

	General Fund	River Front East Fund	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 607,567	\$ -	\$ 607,567
Receivables, Net:			
Property Taxes	81,733	59,382	141,115
Interest	29	-	29
Internal Balances	20,060	-	20,060
<b>Total Assets</b>	709,389	59,382	768,771
<b>Deferred Outflows</b>			
	-	-	-
<b>Total Assets and Deferred Outflows</b>	\$ 709,389	\$ 59,382	\$ 768,771
<b>Liabilities</b>			
Accounts Payable	\$ 214,379	\$ -	\$ 214,379
Internal Balances	-	20,060	20,060
Deferred Revenue	63,342	59,382	122,724
<b>Total Liabilities</b>	277,721	79,442	357,163
<b>Deferred Inflows</b>			
	-	-	-
<b>Fund Balance</b>			
Restricted	431,668	-	431,668
Unassigned	-	(20,060)	(20,060)
<b>Total Fund Balance</b>	431,668	(20,060)	411,608
<b>Total Liabilities, Deferred Inflows, and Fund Balance</b>	\$ 709,389	\$ 59,382	\$ 768,771

The accompanying notes are an integral  
part of the financial statements

**Garden City, Idaho Urban Renewal Agency**  
Reconciliation of the Balance Sheet of the Governmental  
Funds to the Statement of Net Position  
September 30, 2013

Total Fund Balances - Governmental Funds	\$ 411,608
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

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

63,342

Total Net Position-Governmental Activities	<u><u>\$ 474,950</u></u>
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The accompanying notes are an integral  
part of the financial statements

**Garden City, Idaho Urban Renewal Agency**  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance -  
Governmental Funds  
For the Year Ended September 30, 2013

	General Fund	River Front East Fund	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 759,033	\$ -	\$ 759,033
Interest Earnings	1,996	-	1,996
Other Income	250	-	250
<b>Total Revenues</b>	<b>761,279</b>	<b>-</b>	<b>761,279</b>
<b>Expenditures</b>			
Current:			
Urban Renewal Agency	27,342	2,150	29,492
Reimbursed Capital Expenditures	1,736,664	-	1,736,664
<b>Total Expenditures</b>	<b>1,764,006</b>	<b>2,150</b>	<b>1,766,156</b>
<b>Net Change in Fund Balances</b>	<b>(1,002,727)</b>	<b>(2,150)</b>	<b>(1,004,877)</b>
Fund Balances - Beginning	1,434,395	(17,910)	1,416,485
Fund Balances - Ending	<b>\$ 431,668</b>	<b>\$ (20,060)</b>	<b>\$ 411,608</b>

The accompanying notes are an integral  
part of the financial statements

**Garden City, Idaho Urban Renewal Agency**  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of the Governmental Funds  
to the Statement of Activities  
For the Year Ended September 30, 2013

Total Net Change in Fund Balance - Governmental Funds \$ (1,004,877)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

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

(32,739)

Change in Net Position of Governmental Activities

\$ (1,037,616)

The accompanying notes are an integral  
part of the financial statements

**Garden City, Idaho Urban Renewal Agency**  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

For financial reporting purposes, in conformity with governmental accounting standards, the Agency is included as a component unit in the City of Garden City, Idaho's financial statements. The Agency provides urban renewal services to the City and its citizens. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Garden City, Idaho in conformity with generally accepted accounting principles.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, i.e. the Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Eliminations have been made to minimize the double counting of internal activities. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. There were no program revenues in 2013. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When program expenses are incurred and there are both restricted and unrestricted net assets available for use, it is the Agency's policy to use unrestricted resources first, then restricted resources.

**Garden City, Idaho Urban Renewal Agency**  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

*General Fund* – This is the Agency’s primary operating fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund.

*River Front East Fund* – This is a special revenue fund established to account for the resources accumulated and expended for urban renewal activities in the River Front East districts.

Property Taxes Receivable and Deferred Revenue

Property taxes are recognized as revenue when the amount of taxes levied is measurable, and proceeds are available to finance current period expenditures. Available tax proceeds include property tax receivables expected to be collected within sixty days after year end. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20. Taxpayers may pay all or one half of their tax liability on or before December 20, and if one half of the amount is paid, they may pay the remaining balance by the following June 20.

Since the Agency is on a September 30 fiscal year end, property taxes levied during September for the succeeding year’s collections are recorded as deferred revenue at the Agency’s year end and recognized as revenue in the following fiscal year. Ada County bills and collects taxes for the Agency.

**Garden City, Idaho Urban Renewal Agency**  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk Management

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

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Nondepreciable Assets	\$2,000	Straight-Line	N/A
Buildings and Improvements	\$2,000	Straight-Line	15 - 40 Years
Equipment and Vehicles	\$2,000	Straight-Line	5 -15 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives. At this time the Agency has no capital assets to report.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statement of net assets and in the governmental fund balance sheet.

The Agency uses the following fund balance categories in the governmental fund balance sheet:

- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned.* Balances available for any purpose or negative fund balances.

The remaining fund balance classifications (nonspendable, committed, and assigned) were not applicable for the current fiscal year. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the Agency's highest level of decision making authority, through a resolution. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

**Garden City, Idaho Urban Renewal Agency**  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the government's intent to use unrestricted amounts first (unassigned, assigned, then committed). The majority of the Agency's resources come from property taxes that are restricted for urban renewal projects and related operations.

2. CASH AND INVESTMENTS

Cash and Cash Equivalents

At year-end, the carrying amount of the Agency's deposits was \$320,406 and the respective bank balances totaled \$322,148. \$250,000 of the total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

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

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

As of September 30, 2013, the amount of deposits invested in cash equivalents include:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-5</u>
Money Market	\$ 27,803	\$ 27,803	\$ -
External Investment Pool	259,358	259,358	-
Total	<u>\$ 287,161</u>	<u>\$ 287,161</u>	<u>\$ -</u>

Interest Rate Risk

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

**Garden City, Idaho Urban Renewal Agency**  
Notes to Financial Statements  
For the Year Ended September 30, 2013

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2. CASH AND INVESTMENTS (continued)

Credit Risk and Custodial Credit Risk

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

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Agency's has no policy to analyze the benefits of diversification against its costs for each investment. If diversification is considered impracticable, the Agency accepts the risk associated with that concentration. However, the Agency will separate enterprise fund deposits from general fund deposits through the use of different investment vehicles. Idaho Code 67-2739 does limit the total deposits of a state depository.

3. RELATED PARTIES

The Agency partners with the City of Garden City, Idaho for various infrastructure improvements. For the year ended September 30, 2013, the Agency reimbursed the City \$1,736,664 in improvements and equipment. Nothing was due to the City at year-end.

4. INTERNAL BALANCES

Internal balance activity in the fund financial statements for the year ended September 30, 2013, was as follows:

\$ 20,060 Due from the River Front East fund to the General fund to cover startup costs.

***REQUIRED SUPPLEMENTARY INFORMATION***

**Garden City, Idaho Urban Renewal Agency**  
 Budgetary (GAAP Basis) Comparison Schedule  
 General Fund  
 For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$ 830,000	\$ 830,000	\$ 759,033	\$ (70,967)
Interest Earnings	2,500	2,500	1,996	(504)
Other Income	-	-	250	250
<b>Total Revenues</b>	<u>832,500</u>	<u>832,500</u>	<u>761,279</u>	<u>(71,221)</u>
<b>Expenditures</b>				
Current:				
Urban Renewal Agency	60,200	60,200	27,342	32,858
Reimbursed Capital Expenditures	2,253,000	2,253,000	1,736,664	516,336
<b>Total Expenditures</b>	<u>2,313,200</u>	<u>2,313,200</u>	<u>1,764,006</u>	<u>549,194</u>
<b>Net Change in Fund Balances</b>	(1,480,700)	(1,480,700)	(1,002,727)	477,973
Fund Balances - Beginning	1,349,752	1,349,752	1,434,395	84,643
Fund Balances - Ending	<u>\$ (130,948)</u>	<u>\$ (130,948)</u>	<u>\$ 431,668</u>	<u>\$ 562,616</u>

**Garden City, Idaho Urban Renewal Agency**  
 Budgetary (GAAP Basis) Comparison Schedule  
 River Front East Fund  
 For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Interest Earnings	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Urban Renewal Agency	-	-	2,150	(2,150)
Reimbursed Capital Expenditures	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,150</u>	<u>(2,150)</u>
<b>Net Change in Fund Balances</b>	-	-	(2,150)	(2,150)
Fund Balances - Beginning	-	-	<u>(17,910)</u>	<u>(17,910)</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,060)</u>	<u>\$ (20,060)</u>

**Garden City, Idaho Urban Renewal Agency**  
Notes to Required Supplementary Information  
For the Year Ended September 30, 2013

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1. BUDGETS AND BUDGETARY ACCOUNTING

- A. The Agency is required by Idaho State Code to adopt an annual appropriated budget and must be provided to the City of Garden City, Idaho by September 1 of each year.
- B. Prior to September 1, the budget is legally enacted through passage at a board meeting.
- C. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- D. Formal budgetary integration is employed as a management control device during the year.

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The River Front East fund had expenditures in excess of appropriations of \$2,150. However, this fund was added last year and a budget was not established specifically for this fund. Idaho Statute requires an overall budget for the Agency but not for individual funds. The Agency's overall expenditures were not in excess of appropriations.

***FEDERAL REPORT***

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

Board of Commissioners  
Garden City, Idaho Urban Renewal Agency  
Garden City, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of Garden City, Idaho Urban Renewal Agency (the Agency), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated November 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Garden City, Idaho Urban Renewal Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garden City, Idaho Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Garden City, Idaho Urban Renewal Agency's internal control.

*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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Zwygart and Associates PC*

Nampa, Idaho  
November 25, 2013