

**THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS**
**URBAN RENEWAL AGENCY
MEETING MINUTES**
February 11, 2013

The Urban Renewal Agency held its regular monthly meeting at 12:00 noon this date in the Twin Falls City Council Chambers located at 305 3rd Avenue East, Twin Falls. Those present were:

Gary Garnand	URA Chair
Cindy Bond	URA Member
Dan Brizee	URA Member
Neil Christensen	URA Member
Dexter Ball	URA Member
Perri Gardner	URA Member

Absent: Leon Smith, URA Secretary

Also present:

Melinda Anderson	Urban Renewal Executive Director
Mitch Humble	Twin Falls City Community Development Director
Renee Carraway	Twin Falls City Zoning & Development Manager
Brent Hyatt	City of Twin Falls Assistant Finance Officer
Katy Touchette	City of Twin Falls Executive Assistant
Don Hall	Twin Falls City Council Vice-Mayor
Travis Rothweiler	Twin Falls City Manager
Mike Williams	Twin Falls Assistant to the City Manager

Agenda Item 1 – Call meeting to order.

The meeting was called to order at 12:01 p.m.

Consent Agenda – 2a.) Review and approval of minutes from January 14, 2013, Urban Renewal Agency regular meeting.

2b.) Review and approval of February 2013 financial report.

Cindy Bond had a question about the finance statement regarding a payment to Wells Fargo and property tax income. Brent Hyatt explained that this was a transfer of revenues, and Melinda added further clarification.

Cindy Bond then made a motion to approve the consent agenda, Dexter Ball seconded the motion, and roll call vote showed that all board members present voted in favor of the motion.

Agenda Item 3 – Consideration of a request to approve an application to the City Historic Preservation Commission for approval to demolish the Hotsy Garage.

Gary read the agenda item, and Melinda gave a brief history of this request to demolish the Hotsy Building. Two issues that have to be considered before the building can be demolished are whether there is asbestos in the building, and if the Historic Preservation Commission will approve the demolition. Melinda stated that she did a walk-through of the building with Jon Laux of the City's building department, and it was Jon's opinion that there is no asbestos in the building. At this time, then, the City will not require an asbestos assessment to be done, but if in the process of demolition asbestos is found, the work will have to stop in order for an assessment to be done at that time. Melinda stated that if the URA approves this request, she will prepare the application for demolition to be given to the HPC. She requested that a URA board member attend the next HPC meeting at 1

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p.m. on February 19 to present this request. Dan Brizee and Dexter Ball said they would both attend that meeting on behalf of the URA. At that time Gary Garnand asked for a motion to approve an application be given to the HPC for approval to demolish the Hotsy Building. Dan Brizee made the motion, Neil Christensen seconded the motion, and all board members present voted in favor of the motion.

Agenda Item 4 – Overview of the City Strategic Plan.

City Manager Travis Rothweiler then gave a brief overview of the City's strategic plan. Gary Garnand stated at the end of the presentation that the URA plans to do a strategic plan as well but will wait until the City's plan is completed. Travis stated that the City's plan will have to be completed by April 24 or 25.

Agenda Item 5– Public input and/or items from the Urban Renewal Agency Board.

Melinda gave a short report on current legislation being considered by the Idaho legislature relative to personal property tax as well as legislation that pertains to urban renewal agencies. Travis also gave some detail on the personal property tax issues and how they would affect cities and URAs.

Agenda Item 6 – Adjourn.

Gary Garnand adjourned the meeting at 12:58 p.m.

Respectfully submitted,

Katy Touchette
Executive Assistant

Urban Renewal Agency of the City of Twin Falls, ID
P & L Budget vs. Actual with Declining Bal.(\$ Over Budget)
October 2012 through February 2013

	Oct '12 - Feb 13	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Zions Bank Bond Proceeds	34,533,000.00			
Capital Lease	0.00	230,077.00	-230,077.00	0.0%
Investment Income	3,657.98	5,000.00	-1,342.02	73.2%
Other Income	9,411.98			
Property Taxes	1,254,759.41	2,115,000.00	-860,240.59	59.3%
Rental Income	167,136.88	414,033.00	-246,896.12	40.4%
Chobani Advances	4,107,335.72			
Total Income	40,075,301.97	2,764,110.00	37,311,191.97	1,449.8%
Gross Profit	40,075,301.97	2,764,110.00	37,311,191.97	1,449.8%
Expense				
RAA 4-1				
Glanbia Project	272,071.85	650,000.00	-377,928.15	41.9%
RAA 4-1 - Other	8,081.00	3,362,187.00	-3,354,106.00	0.2%
Total RAA 4-1	280,152.85	4,012,187.00	-3,732,034.15	7.0%
RAA 4-2	0.00	115,000.00	-115,000.00	0.0%
RAA 4-3 (Chobani)				
Debt Pay. (Chobani) Interest	531,924.45			
Debt Pay. (Chobani) Principal	17,787,644.91			
Loan Costs	428,624.39			
RAA 4-3 (Chobani) - Other	5,406,860.83	6,700,000.00	-1,293,139.17	80.7%
Total RAA 4-3 (Chobani)	24,155,054.58	6,700,000.00	17,455,054.58	360.5%
Bond Trustee Fees	6,000.00	3,500.00	2,500.00	171.4%
Community Relations & Website	0.00	200.00	-200.00	0.0%
Debt Payments - Interest	145,997.32	309,806.00	-163,808.68	47.1%
Debt Payments - Principal	15,177.25	667,042.00	-651,864.75	2.3%
Dues and Subscriptions	1,750.00	1,900.00	-150.00	92.1%
Insurance Expense	0.00	6,500.00	-6,500.00	0.0%
Legal Expense	0.00	1,000.00	-1,000.00	0.0%
Management Fee	0.00	113,000.00	-113,000.00	0.0%
Meeting Expense	598.44	3,500.00	-2,901.56	17.1%
Miscellaneous	27.45	500.00	-472.55	5.5%
Office Expense	167.03	500.00	-332.97	33.4%
Prof. Dev.\Training	0.00	2,600.00	-2,600.00	0.0%
Professional Fees	14,703.75	25,000.00	-10,296.25	58.8%
Property Tax Expense	34,433.70	31,850.00	2,583.70	108.1%
Real Estate Exp. - Call Center	14,525.33	117,325.00	-102,799.67	12.4%
Real Estate Exp. - Other	21.66	10,700.00	-10,678.34	0.2%
Real Estate Lease	72,000.00	72,000.00	0.00	100.0%
Total Expense	24,740,609.36	12,194,110.00	12,546,499.36	202.9%
Net Ordinary Income	15,334,692.61	-9,430,000.00	24,764,692.61	-162.6%
Other Income/Expense				
Other Income				
Cash Carryover	0.00	9,430,000.00	-9,430,000.00	0.0%
Total Other Income	0.00	9,430,000.00	-9,430,000.00	0.0%
Net Other Income	0.00	9,430,000.00	-9,430,000.00	0.0%
Net Income	15,334,692.61	0.00	15,334,692.61	100.0%

Twin Falls Urban Renewal February, 2013 List of Checks

<u>Check #</u>	<u>Date</u>	<u>Paid Amount</u>	<u>Name</u>	<u>Account</u>	<u>Memo</u>
2511	2/11/2013	88.15	Lee Enterprises	RAA 4-3 (Chobani)	Legal Advertising Res. 2013-1
2512	2/11/2013	124.86	The Coffee Shop	Meeting Expense	Lunches for URA Meeting Feb 11, 2013
2513	2/11/2013	94,456.34	City of Twin Falls	RAA 4-1 Gianbia Project	Reimb for RAA 4-1 Gianbia Proj. Expenses
2514	2/19/2013	183,234.63	City of Twin Falls	RAA 4-3 (Chobani)	Advance Certificate #21
2515	2/28/2013	816,736.83	City of Twin Falls	RAA 4-3 (Chobani)	Request #2 - Reimb Area 4-3 Construction Costs
2516	3/4/2013	17,789.59	Wells Fargo Bank	Property Taxes	Property Taxes - January, 2013
2517	3/5/2013	9.95	Melinda Anderson	Meeting Expense	Media interview lunch Feb 25, 2013
2517	3/5/2013	35.56	Melinda Anderson	Meeting Expense	URA Meeting March 5, 2013
2518	3/5/2013	39.00	Haffner's Lock & Key	Real Estate Expense-Other	Replace locks/secure door @ 242 2nd Ave S
2519	3/5/2013	240.57	Idaho Power Company	Real Estate Expense-Call Ctr	Power @ 851 Pole Line Road
2519	3/5/2013	7.90	Idaho Power Company	Real Estate Expense-Other	Power @ 242 2nd Ave S
2520	3/5/2013	4,098.55	K & G Property Mgmt..	Real Estate Expense-Call Ctr	Maintenance & Repair for C3
2521	3/6/2013	1,029,667.60	City of Twin Falls	RAA 4-3 (Chobani)	Request #3 - Reimb Area 4-3 Construction Costs
		2,146,529.53	TOTAL		

Urban Renewal Agency of the City of Twin Falls, ID
Profit & Loss Detail
February 2013

Type	Date	Num	Name	Memo	Amount	Balance
Ordinary Income/Expense						
Income						
Zions Bank Bond Proceeds						
General ...	2/28/2013	AJE #115		To record additional bond proceeds in addition to temp w...	6,482,000.00	6,482,000.00
Total Zions Bank Bond Proceeds					6,482,000.00	6,482,000.00
Investment Income						
Deposit	2/1/2013		Wells Fargo	Interest on Account	5.95	5.95
Deposit	2/1/2013		Wells Fargo	Interest on Account	14.61	20.56
Deposit	2/28/2013		Zions Bank	Interest on Account	1,061.90	1,082.46
Deposit	2/28/2013		Zions Bank	Interest on Account	55.88	1,138.34
Total Investment Income					1,138.34	1,138.34
Other Income						
Deposit	2/11/2013		Wells Fargo	Idaho AG settlement with Wachovia Bank	9,411.98	9,411.98
Total Other Income					9,411.98	9,411.98
Rental Income						
Deposit	2/19/2013	9268	C3	Rent Feb, 2013	33,410.71	33,410.71
Total Rental Income					33,410.71	33,410.71
Total Income					6,525,961.03	6,525,961.03
Gross Profit					6,525,961.03	6,525,961.03
Expense						
RAA 4-1						
Glanbia Project						
Check	2/6/2013	2508	City of Twin Falls	Reimb - Blk 133 parking lot design work	4,200.00	4,200.00
Deposit	2/11/2013	0001447...	Idaho Power Company	Unusual Conditions Refund	-18,736.00	-14,536.00
Check	2/11/2013	2513	City of Twin Falls	Reimb for RAA 4-1 Glanbia Proj. Expenses	94,456.34	79,920.34
Total Glanbia Project					79,920.34	79,920.34
RAA 4-1 - Other						
Check	2/6/2013	2509	J U B Engineers	OT Infrastructure Assessment	8,081.00	8,081.00
Total RAA 4-1 - Other					8,081.00	8,081.00
Total RAA 4-1					88,001.34	88,001.34
RAA 4-3 (Chobani)						
Debt Pay. (Chobani) Interest						
General ...	2/28/2013	AJE #114		To record interest on Interim Warrants paid with bond pro...	249,342.22	249,342.22
Total Debt Pay. (Chobani) Interest					249,342.22	249,342.22
Loan Costs						
Check	2/11/2013	2511	Lee Enterprises	Legal Advertising Res.-2013-1	88.15	88.15
General ...	2/28/2013	AJE #113		To record payment to Skinner Fawcett	40,000.00	40,088.15
General ...	2/28/2013	AJE #113		To record payment to Zions Bank for bond fee	48,615.00	88,703.15
General ...	2/28/2013	AJE #113		To record payment to Western Financial Group for consu...	10,000.00	98,703.15
General ...	2/28/2013	AJE #113		To record payment to City of TF for legal publishing	2,920.74	101,623.89
General ...	2/28/2013	AJE #116		To record payment to Ballard Sahr, LLP for Zions Bank le...	32,000.00	133,623.89
Total Loan Costs					133,623.89	133,623.89
RAA 4-3 (Chobani) - Other						
Check	2/19/2013	2514	City of Twin Falls	Advance Certificate #21	183,234.63	183,234.63
Check	2/28/2013	2515	City of Twin Falls	Request #2 Reimb for Area 4-3 Constr. Costs	816,736.83	999,971.46
Total RAA 4-3 (Chobani) - Other					999,971.46	999,971.46
Total RAA 4-3 (Chobani)					1,382,937.57	1,382,937.57
Bond Trustee Fees						
General ...	2/28/2013	AJE #113		To record payment for trustee fees	6,000.00	6,000.00
Total Bond Trustee Fees					6,000.00	6,000.00
Debt Payments - Interest						
Check	2/1/2013	TWI N80...	Wells Fargo Bank	Semi-Annual Payment	139,956.25	139,956.25
Check	2/1/2013	C2	Larry Tucker & Kare...	Monthly Payment	1,180.75	141,137.00
Total Debt Payments - Interest					141,137.00	141,137.00
Debt Payments - Principal						
Check	2/1/2013	C2	Larry Tucker & Kare...	Monthly Payment	2,482.93	2,482.93
Total Debt Payments - Principal					2,482.93	2,482.93
Meeting Expense						
Check	2/6/2013	2507	Albertsons	Lunch for URA meeting Jan 14, 2013	6.68	6.68
Check	2/6/2013	2510	Melinda Anderson	Meeting with Gary Garnand Jan 7 2013	30.21	36.89
Check	2/6/2013	2510	Melinda Anderson	Meeting with Legislators Jan 27, 2013	75.81	112.70
Check	2/11/2013	2512	The Coffee Shop	URA mtg lunches 2/11/13	124.86	237.56
Total Meeting Expense					237.56	237.56

Urban Renewal Agency of the City of Twin Falls, ID
Profit & Loss Detail
February 2013

Type	Date	Num	Name	Memo	Amount	Balance
Office Expense						
Check	2/26/2013	BC	Wells Fargo	Wire Fee	15.00	15.00
Total Office Expense					15.00	15.00
Real Estate Exp. - Call Center						
Check	2/6/2013	2505	K & G Property Man...	C3 Prop Mgmt. Repair & Maintenance	4,155.15	4,155.15
Check	2/6/2013	2506	Idaho Power Company	Power - 851 Pole Line Road	260.89	4,416.04
Total Real Estate Exp. - Call Center					4,416.04	4,416.04
Real Estate Exp. - Other						
Check	2/6/2013	2506	Idaho Power Company	Power 242 2nd Avenue South	7.81	7.81
Total Real Estate Exp. - Other					7.81	7.81
Total Expense					1,625,235.25	1,625,235.25
Net Ordinary Income					4,900,725.78	4,900,725.78
Net Income					4,900,725.78	4,900,725.78

Urban Renewal Agency of the City of Twin Falls, ID
Balance Sheet
As of February 28, 2013

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ASSETS	
Current Assets	
Checking/Savings	
Cash	
WF General Checking #6350	806,871.02
WF Revenue Alloc. #5601	2,792,936.12
WF Bond Reserve #5602	699,912.50
Zions Revenue Alloc. #8616A	12,088,279.73
Zions Bond Reserve #8616C	2,873,933.72
Zions Warrant #6362	3,453.36
Total Cash	19,265,386.45
Total Checking/Savings	19,265,386.45
Other Current Assets	
Due from Other Governments	9,371.00
Interest Receivable	
Int. Rec.-Bond Fund	5.75
Int. Rec.-Revenue Allocation	13.97
Total Interest Receivable	19.72
Property Taxes Receivable	87,917.00
Total Other Current Assets	97,307.72
Total Current Assets	19,362,694.17
Fixed Assets	
Land	1,350,000.00
Building	3,715,264.11
Equipment	475,000.00
Accumulated Depreciation	-406,666.67
Total Fixed Assets	5,133,597.44
TOTAL ASSETS	24,496,291.61
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
Deferred Rev.-Property Tax	131,596.00
Total Long Term Liabilities	131,596.00
Total Liabilities	131,596.00
Equity	
Fund Balance	
Fund Balance-General Fund	161,318.79
Fund Balance-Revenue Alloc.	2,788,394.84
Fund Balance-Bond Fund	699,918.86
Fund Balance-Rental Fund	5,380,370.51
Total Fund Balance	9,030,003.00
Net Income	15,334,692.61
Total Equity	24,364,695.61
TOTAL LIABILITIES & EQUITY	24,496,291.61

Urban Renewal Agency of the City of Twin Falls, ID
Balance Sheet Detail
As of February 28, 2013

Type	Date	Num	Name	Memo	Amount	Balance
ASSETS						19,595,565.83
Current Assets						14,461,968.39
Checking/Savings						14,364,660.67
Cash						14,364,660.67
WF General Checking #6350						1,040,048.86
Check	2/6/2013	2505	K & G Property Management	Invoice 3284	-4,155.15	1,035,893.71
Check	2/6/2013	2506	Idaho Power Company	7175543970=260.89, 5958027801=7.81	-268.70	1,035,625.01
Check	2/6/2013	2507	Albertsons	Invoice 1413091	-6.68	1,035,618.33
Check	2/6/2013	2508	City of Twin Falls	Reimbursement	-4,200.00	1,031,418.33
Check	2/6/2013	2509	J U B Engineers	Invoice 0079674	-8,081.00	1,023,337.33
Check	2/6/2013	2510	Melinda Anderson	Reimb. - Meetings	-106.02	1,023,231.31
Deposit	2/11/2013			Deposit	9,411.98	1,032,643.29
Check	2/11/2013	2511	Lee Enterprises	Invoice 585727	-88.15	1,032,555.14
Check	2/11/2013	2512	The Coffee Shop	URA mtg lunches	-124.86	1,032,430.28
Deposit	2/11/2013			Deposit	18,736.00	1,051,166.28
Check	2/11/2013	2513	City of Twin Falls	Reimb.for RAA 4-1 Glanbia Proj. Expenses	-94,456.34	956,709.94
Deposit	2/19/2013			Deposit	33,410.71	990,120.65
Check	2/19/2013	2514	City of Twin Falls	Adv Cert. #21	-183,234.63	806,886.02
Deposit	2/26/2013			Deposit	816,736.83	1,623,622.85
Check	2/26/2013	BC	Wells Fargo		-15.00	1,623,607.85
Check	2/28/2013	2515	City of Twin Falls	Req - #2	-816,736.83	806,871.02
Total WF General Checking #6350					-233,177.84	806,871.02
WF Revenue Alloc. #5601						2,936,500.19
Transfer	2/1/2013			Funds Transfer	-139,915.00	2,796,585.19
Check	2/1/2013	C2	Larry Tucker & Karen Tucker		-3,663.68	2,792,921.51
Deposit	2/1/2013			Deposit	14.61	2,792,936.12
Total WF Revenue Alloc. #5601					-143,564.07	2,792,936.12
WF Bond Reserve #5602						699,912.50
Total WF Bond Reserve #5602						699,912.50
WF Bond Fund #5600						35.30
Transfer	2/1/2013			Funds Transfer	139,915.00	139,950.30
Check	2/1/2013	TWI N80...	Wells Fargo Bank		-139,956.25	-5.95
Deposit	2/1/2013			Deposit	5.95	0.00
Total WF Bond Fund #5600					-35.30	0.00
Zions Revenue Alloc. #8616A						0.00
Transfer	2/21/2013			Funds Transfer	9,685,772.36	9,685,772.36
Transfer	2/21/2013			Funds Transfer	-2,873,933.72	6,811,838.64
Deposit	2/26/2013		Zions Bank	Request #2	-816,736.83	5,995,101.81
General Journal	2/28/2013	AJE #113		To record loan costs	-107,535.74	5,887,566.07
General Journal	2/28/2013	AJE #114		To record interest on Interim Warrants p...	-249,342.22	5,638,223.85
Deposit	2/28/2013			Deposit	55.88	5,638,279.73
General Journal	2/28/2013	AJE #115		To record additional bond proceeds in ad...	6,482,000.00	12,120,279.73
General Journal	2/28/2013	AJE #116		To record payment to Ballard Sahr, LLP f...	-32,000.00	12,088,279.73
Total Zions Revenue Alloc. #8616A					12,088,279.73	12,088,279.73
Zions Bond Reserve #8616C						0.00
Transfer	2/21/2013			Funds Transfer	2,873,933.72	2,873,933.72
Total Zions Bond Reserve #8616C					2,873,933.72	2,873,933.72
Parking Lot Sinking Cash #3425						0.00
Total Parking Lot Sinking Cash #3425						0.00
Wells Fargo Securities #1251						0.00
Total Wells Fargo Securities #1251						0.00
Zions Warrant #6362						9,688,163.82
Transfer	2/21/2013			Funds Transfer	-9,685,772.36	2,391.46
Deposit	2/28/2013			Deposit	1,061.90	3,453.36
Total Zions Warrant #6362					-9,684,710.46	3,453.36
Cash - Other						0.00
Total Cash - Other						0.00
Total Cash					4,900,725.78	19,265,386.45
Total Checking/Savings					4,900,725.78	19,265,386.45
Accounts Receivable						0.00
Accounts Receivable						0.00
Total Accounts Receivable						0.00
Total Accounts Receivable						0.00
Other Current Assets						97,307.72
Deposits						0.00
Total Deposits						0.00

Urban Renewal Agency of the City of Twin Falls, ID
Balance Sheet Detail
As of February 28, 2013

Type	Date	Num	Name	Memo	Amount	Balance
Due from Other Governments						9,371.00
Total Due from Other Governments						9,371.00
Interest Receivable						19.72
Int. Rec.-Bond Fund						5.75
Total Int. Rec.-Bond Fund						5.75
Int. Rec.-Revenue Allocation						13.97
Total Int. Rec.-Revenue Allocation						13.97
Interest Receivable - Other						0.00
Total Interest Receivable - Other						0.00
Total Interest Receivable						19.72
Inventory Asset						0.00
Total Inventory Asset						0.00
Prepaid Insurance						0.00
Total Prepaid Insurance						0.00
Property Taxes Receivable						87,917.00
Total Property Taxes Receivable						87,917.00
Total Other Current Assets						97,307.72
Total Current Assets					4,900,725.78	19,362,694.17
Fixed Assets						5,133,597.44
Land						1,350,000.00
Total Land						1,350,000.00
Building						3,715,264.11
Total Building						3,715,264.11
Equipment						475,000.00
Total Equipment						475,000.00
Accumulated Depreciation						-406,666.67
Total Accumulated Depreciation						-406,666.67
Total Fixed Assets						5,133,597.44
Other Assets						0.00
Due from General (4-2)						0.00
Total Due from General (4-2)						0.00
Lease Receivable-Jayco						0.00
Total Lease Receivable-Jayco						0.00
Note Receivable - Agro Farma						0.00
Total Note Receivable - Agro Farma						0.00
Property Tax Clearing Account						0.00
Total Property Tax Clearing Account						0.00
Total Other Assets						0.00
TOTAL ASSETS					4,900,725.78	24,496,291.61
LIABILITIES & EQUITY						19,595,565.83
Liabilities						131,596.00
Current Liabilities						0.00
Accounts Payable						0.00
Accounts Payable						0.00
Total Accounts Payable						0.00
Total Accounts Payable						0.00
Credit Cards						0.00
Total Credit Cards						0.00
Other Current Liabilities						0.00
Accts Pay - Bond Fund						0.00
Total Accts Pay - Bond Fund						0.00
Accts Pay - General						0.00
Total Accts Pay - General						0.00

Urban Renewal Agency of the City of Twin Falls, ID
Balance Sheet Detail
As of February 28, 2013

Type	Date	Num	Name	Memo	Amount	Balance
Accts Pay - Rental Fund						0.00
Total Accts Pay - Rental Fund						0.00
Accts Pay - Rev. Alloc.						0.00
Total Accts Pay - Rev. Alloc.						0.00
Payroll Liabilities						0.00
Total Payroll Liabilities						0.00
Prepaid Rent						0.00
Total Prepaid Rent						0.00
Total Other Current Liabilities						0.00
Total Current Liabilities						0.00
Long Term Liabilities						131,596.00
BID Grant Oversight						0.00
Total BID Grant Oversight						0.00
Deferred Rev.-Lease						0.00
Total Deferred Rev.-Lease						0.00
Deferred Rev.-Lease Principal						0.00
Total Deferred Rev.-Lease Principal						0.00
Deferred Rev.-Property Tax						131,596.00
Total Deferred Rev.-Property Tax						131,596.00
Due to Rev. Alloc. (4-1)						0.00
Total Due to Rev. Alloc. (4-1)						0.00
Notes and Bonds Payable						0.00
Bond Payable - Rev. Alloc.						0.00
Total Bond Payable - Rev. Alloc.						0.00
Note - D.L. Evans Bank						0.00
Total Note - D.L. Evans Bank						0.00
Note - Dell Building						0.00
Total Note - Dell Building						0.00
Note - McElliott						0.00
Total Note - McElliott						0.00
Notes and Bonds Payable - Other						0.00
Total Notes and Bonds Payable - Other						0.00
Total Notes and Bonds Payable						0.00
Total Long Term Liabilities						131,596.00
Total Liabilities						131,596.00
Equity						19,463,969.83
Fund Balance						9,030,003.00
Fund Balance-General Fund						161,318.79
Total Fund Balance-General Fund						161,318.79
Fund Balance-Revenue Alloc.						2,788,394.84
Total Fund Balance-Revenue Alloc.						2,788,394.84
Fund Balance-Bond Fund						699,918.86
Total Fund Balance-Bond Fund						699,918.86
Fund Balance-Rental Fund						5,380,370.51
Total Fund Balance-Rental Fund						5,380,370.51
Fund Balance-Sinking Fund						0.00
Total Fund Balance-Sinking Fund						0.00
Fund Balance - Other						0.00
Total Fund Balance - Other						0.00
Total Fund Balance						9,030,003.00
Opening Balance Equity						0.00
Total Opening Balance Equity						0.00

Urban Renewal Agency of the City of Twin Falls, ID
Balance Sheet Detail
As of February 28, 2013

Type	Date	Num	Name	Memo	Amount	Balance
Unrestricted Net Assets						0.00
Total Unrestricted Net Assets						0.00
Net Income						10,433,966.83
Total Net Income						4,900,725.78
Total Equity						4,900,725.78
TOTAL LIABILITIES & EQUITY						4,900,725.78
						24,496,291.61



CITY OF TWIN FALLS URBAN RENEWAL AGENCY



FISCAL YEAR 2012 ANNUAL REPORT



INTRODUCTION

This annual report is a companion piece to the Fiscal Year 2012 audit (Oct. 1, 2011 to Sept. 30, 2012) which was completed February 5th, 2013. As a companion piece, this report reflects on those activities completed by Sept. 30, 2012.

In Fiscal Year 2012, Twin Falls Urban Renewal Agency (TFURA):

- I. Approved a development agreement along with the City of Twin Falls and Chobani Inc to assist in the development of new yogurt plant for Chobani in Twin Falls. The plant was expected to open in December 2012.
- II. Created Revenue Allocation Area 4-3 (190 acres) to provide infrastructure for Chobani's operations.
- III. Worked closely with the City of Twin Falls and Zion's Bank on the bond which pays for infrastructure to support Chobani's operations. The URA bond will also be supported by an LID overlay created by the City.
- IV. Completed construction of a 1.5-mile, \$2 million water line to enable redevelopment of industrial property in Southeast section of Twin Falls.
Signed a development agreement with Glanbia Foods USA and Uptown Developers, LLC to assist the building of a new Glanbia campus in Old Town.

Following the 2012 accomplishments section is a history and summaries of ongoing projects in the urban renewal district #4 – both job creation and downtown development.

ORGANIZATION

The City of Twin Falls Urban Renewal Agency (TFURA) was originally created in 1965 to utilize HUD funds to redevelop portions of Main Avenue and Shoshone Street. In 1988 the Agency formed its first Revenue Allocation Area (RAA) to assist Universal Frozen Foods (now Con-Agra) and Henningsen Cold Storage with multi-million dollar expansions.

Twenty-four years later Twin Falls has one urban renewal district (#4) and three RAAs – 4-1 which encompasses portions of Old Town and south Twin Falls industrially-zoned area; 4-2 which includes the 176-acre Jayco Industrial Park; and 4-3 which includes the 190-acre Chobani Yogurt Plant and one additional property. As of Sept. 30, 2012 TFURA Board of Directors, who serve two 3-year terms, is comprised of seven individuals, and were appointed by the Twin Falls City Council:

- Gary Garnand, Chair
- Cindy Bond, Vice-Chair
- Bob Richards, Secretary
- Dan Brizee
- Neil Christensen

- Larry Hall
- Bob Richards
- Leon Smith

- Don Hall, liaison from the City of Twin Falls City Council
- Leon Mills, liaison from the Twin Falls County Commission

Administrative services for TFURA are provided by contract with the City of Twin Falls. Melinda Anderson, the City's Economic Development Director has been assigned to be TFURA's Executive Director. Other City employees in Administration, Community Development, Finance, and Engineering also provide assistance. Fritz Wonderlich, counsel for the City, serves as TFURA's counsel. In addition, TFURA hires outside professionals from time to time as noted.

The Agency's redevelopment role consists primarily of 1) helping job creation through providing infrastructure assistance for new industrial development and 2) downtown revitalization. In addition it has purchased property in Old Town to offer for redevelopment.

FISCAL YEAR 2012 ACCOMPLISHMENTS

Five-Year Strategy

In January 2010 TFURA's board approved a formal strategy that focuses on both job creation and downtown redevelopment. The board expects that its activities will be guided by this strategy and to review it periodically. Highlights are: explore a new waterline to serve SE Twin Falls, hire expert assistance for downtown redevelopment, create a new website, and improve communications with Twin Falls residents and businesses.

Strategy Update

- In September 2012 TFURA's board along with City Council members and staff met for the annual review of its strategic plan. An update of accomplishments was provided and the board opted to wait for the City Council to complete its strategic planning efforts so TFURA could align its strategic update to support the City's goals. The City expects to finalize its strategic plan in April 2013.
- TFURA board may consider expanding the current 4-1 Revenue Allocation Area to include all of the Warehouse Historic District, include more of downtown, and possibly additional industrial areas. RAAs are limited to not expanding more than 10% of its current geographic area and be along current boundary lines.
- TFURA board may consider new infrastructure projects in Old Town and other parts of Twin Falls to continue its mission to encourage new private development and job creation.

JOB CREATION

Chobani Yogurt

On November 3, 2011 the City of Twin Falls, TFURA, and Chobani Idaho Inc signed a development agreement so that Chobani could build and operate a new yogurt plant in Twin Falls. The agreement specified certain responsibilities among each of the three entities. Chobani agreed to invest a minimum of \$128 million in a new facility and hire at least 250 employees; the City would invest in certain new infrastructure and waive some building permit fees; and TFURA would invest a minimum of \$17.3 million for new public infrastructure.

Since that agreement was signed Chobani has more than tripled their original investment estimate and increased the number of jobs to at least 450. It's expected that the economic impact will be more than \$1 billion annually once the plant is in production.

TFURA has spent this year developing the bonding mechanism to fund

infrastructure and expects to close it in 2013. The City has kept up with Chobani's construction timeline to supply the site with the needed infrastructure.

C3 Connect

TFURA continues to support C3's call center operations here by maintaining the building exterior and the surrounding property. In 2012 TFURA developed an HVAC unit multi-year replacement plan as the current units are reaching their economic and mechanical life span. TFURA also expects to paint the building exterior in 2013. C3's lease revenue pays for all expenses associated with this project. No property tax dollars are used.

C3 has settled into a year-round employment figure of approximately 500, twice the 250 they had thought when they first leased the building. C3 continues to look for other customer projects to diversify and strengthen its current insurance base.



DOWNTOWN REDEVELOPMENT

Old Town Transformation

In January 2012, TFURA signed a development agreement with Glanbia Foods USA and Uptown Developers LLC, Glanbia's landlord to construct a \$15 million, 50-000 square-foot campus in Old Town – on the corner of Shoshone and 4th Ave South – the site of the former Kruzer's Bar. TFURA purchased this half-block in 2009 after Kruzer's closed. Kruzer's had been an icon in Twin Falls but had fallen on hard times and the owner decided to close. TFURA realized that was an ideal site to acquire and to market for redevelopment. After several years of discussion, Glanbia realized the site would be perfect for its national headquarters and signed the agreement.

The campus will consist of a 35,000 sf headquarters and a 15,000 sf Cheese Innovation Center for Glanbia. When it's completed in Summer 2013 Glanbia will relocate and combine all of its 100+ corporate and R&D folks from all over Twin Falls into this one location with room to grow.

To support that \$15 million private investment TFURA will spend up to \$1.25 million on building demolition, site cleanup, water and sewer improvements along with street & sidewalks improvements, and new public parking.

In late 2010 TFURA demolished the former Red's Trading Post (after purchasing it in 2008) as it was deemed to be structurally unsound. It was unfortunate both due to the site being on one of downtown's major intersections and its historic nature. Because it sat right on the sidewalk line TFURA was concerned if it collapsed it posed real danger to both life and other property damage.

Because of the new Glanbia development TFURA is receiving calls from potential investors and tenants for other properties TFURA owns in Old Town.

Glanbia's investment and influx of employees will continue the redevelopment of Old Town and downtown that St. Luke's began in 2010.

Infrastructure Assessment

As part of the strategic planning session TFURA held in September, it was decided to issue a Request for Qualifications for an engineering firm to assess the state of the infrastructure in Old Town. The Glanbia project has shown how old and deteriorated the 100-year old infrastructure is. Water and sewer lines are inadequate for today's uses and what is there is slowly crumbling.

That project is expected to begin and complete in FY 2013.

URBAN RENEWAL AREA #4

REVENUE ALLOCATION AREA 4-1

RAA 4-1 was created in 1998 from Old Town south to Con-Agra and east along the railroad to include the Eastland Industrial area. Con-Agra was TFURA's first big project in 1989. From there TFURA has assisted Solo Cup (now Dart Corporation), Seastrom Manufacturing, Jayco RV, and other businesses to expand by providing help with public infrastructure.



In those 20+ years TFURA has helped businesses in Twin Falls invest over \$50 million dollars into their business and created thousands of jobs. Those businesses we have helped have in turn help grow hundreds of new jobs in secondary businesses and created millions of dollars in new development.

On August 1, 2005 TFURA refinanced debt and issued a bond for \$7,735,000 to be paid off in 2022. TFURA has not issued another bond since then.

DOWNTOWN REVITALIZATION

TFURA was organized in 1965 to take advantage of HUD funds that were then available for downtown rehabilitation & curing slum & blight. Twin Falls has used those funds to help create new parking lots, improve roads, streetscaping, and lighting as well as install a new community fountain on Main Ave.

Over the years TFURA has invested millions in cooperation with private property owners who renovated or expanded their downtown & Old Town sites.

TFURA purchased two properties in Old Town (2007 & 2009) and financed the purchases with private notes from the sellers. Those will be paid off in 2012 and 2019 respectively.



TFURA and the City have worked with downtown revitalization consultants since 1995. These collaborations have produced innovative concepts that the City and TFURA have implemented. Examples are Hansen Street redevelopment, improvements to Shoshone Street, landscaping master plan, St. Luke's financial services office relocating to Old Town, and in 2012 the new Glanbia Headquarters and Cheese Innovation Center.

ADDITIONAL OLD TOWN PROPERTIES OWNED BY URBAN RENEWAL AGENCY

- 242 2nd Ave. So – vacant brick warehouse that could work well as retail, studio space, incubator or other use.
- 5th Ave. So and Shoshone St – 1,250 square foot patch that would be great for a multi-story office building. A public parking lot owned by TFURA adjoins this site and also serves another office building on the same half-block.
- 4th Ave. S. between Shoshone and Hansen Streets. –vacant land that could be turned into office space, retail, restaurant or other uses complementary to the neighborhood.

- Idaho Street between 3rd and 4th Ave. So – a parking lot will be constructed on this site for public parking to accommodate Glanbia's employees.

REVENUE ALLOCATION AREA 4-2

JAYCO RV



RAA 4-2 was created in 2007 and incorporates 177 acres in southeast Twin Falls along Hankins Road. Jayco RV outgrew their original building shortly after they located in Twin in early 2005 and created a brand new industrial park on 100 of the 177 acres. Jayco kept 77 acres for its current and future needs.

To help Jayco create this new park, TFURA invested just \$575,000 to pay for a portion of Eldridge Road that runs through the park. That investment has led thus far to a \$9 million private investment and more than 200 jobs. We expect that at build out, there is likely to be an additional \$50 million in private investment.

Revenue Allocation Area 4-3

RAA 4-3 was created in 2012 and will sunset in 2032. It incorporates 220 acres just north of RAA 4-2. The district is bounded on the north by Kimberly Road/US Hwy 30, on the east by 3300 Road, on the south by Eastern Idaho Railroad, and on the west by 3200 Road (Hankins Rd). Chobani then purchased 190 acres in the district to build its first plant outside of upstate New York.

By the end of FY 2012, Chobani expected to more than triple its original investment and TFURA was working with Zion's Bank to issue a \$34.5 million bond in 2013. To be able to sell the bond the City of Twin Falls created an LID overlay on 22 of the 190 acres. This gives the investor much more confidence that the bond will be repaid.



SUMMARY OF 'INCREMENT VALUE' URBAN RENEWAL DISTRICT RAA #4-1, #4-2 and #4-3

According to Twin Falls County Assessor's office the 2010 assessed value for the 4-1 and 4-2 combined was \$225,864,856. The increment value for 4-1 and 4-2 was \$150,796,493. Without TFURA assistance that enabled private investment the combined assessed value would likely be less than \$100,000,000.

Twin Falls County Assessor expects to assess RAA 4-3 value in Spring 2013.

Once the RAAs sunset, RAA 4-1 in 2022, RAA 4-2 in 2017, and RAA 4-3 in 2032, all of the tax increment that currently goes to TFURA to pay for improvements it has made will revert back to each of the local taxing districts which are a part of City of Twin Falls.

TFURA received \$2,189,380.07 in property tax revenue for RAAs 4-1 and 4-2 in FY 2012. As RAA 4-3 was just created in 2012 there has been no property tax revenue collected by TFURA. To ensure that Chobani could begin operations in a timely manner, TFURA borrowed \$14,440,309 from Chobani to begin installing the public infrastructure Chobani needed. TFURA repaid that short-term loan in December 2012. Total expenses for FY 2012 are \$13,251,409.

Legal Requirements and Additional Documentation

Under the Idaho Urban Renewal Law, an urban renewal agency is required to file with the local governing body an annual report of its activities for the preceding fiscal year. This will include an annual audit of the Agency's financial statements.

The Agency received a report dated February 5, 2013 of its audited financial statements for Fiscal Year 2012. This report identifies the Agency's assets, liabilities, income and expenses through September 30, 2012.

The Agency is required to formally adopt its fiscal year budget by September 1 of each year. The Agency adopted its FY 2011 budget on August 13, 2012 after a public hearing. As required by the Idaho Urban Renewal Law and Local Economic Development Act, the Agency has filed its budget with the City of Twin Falls. Copies of the budget are available through the Agency's offices, on the City's website, or the City Clerk.

Attached to this report is the full FY 2012 audit provided by Mahlke Hunsaker & Company, PLLC.



**URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO**

**AUDITED FINANCIAL STATEMENTS
September 30, 2012**

**URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO**

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Mahlke Hunsaker & Company PLLC

C e r t i f i e d P u b l i c A c c o u n t a n t s

February 5, 2013

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho, as of and for the year ended September 30, 2012, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho, as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, 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 February 5, 2013, on our consideration of the 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 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.

INDEPENDENT AUDITOR'S REPORT

Page 2

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 26-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

The Urban Renewal Agency has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc

FINANCIAL STATEMENTS

Government-Wide Financial Statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Statement of Net Assets
September 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,690,044	\$ 252,427	\$ 6,942,471
Restricted cash	699,913	-	699,913
Receivables:			
Property taxes	87,917	-	87,917
Interest income	20	-	20
Other governments	9,371	-	9,371
Deferred charges	17,000	-	17,000
Construction in progress	11,553,589	-	11,553,589
Real estate	2,688,889	-	2,688,889
Land, buildings and improvements	-	5,065,264	5,065,264
Equipment	-	475,000	475,000
Accumulated depreciation	-	(406,667)	(406,667)
	<u>\$ 21,746,743</u>	<u>\$ 5,386,024</u>	<u>\$ 27,132,767</u>
Liabilities			
Accounts payable	\$ 3,706,036	\$ 5,653	\$ 3,711,689
Accrued interest	224,053	-	224,053
Construction advances	13,680,308	-	13,680,308
Noncurrent liabilities			
Due within one year	452,909	-	452,909
Due in more than one year	5,090,934	-	5,090,934
Total Liabilities	<u>23,154,240</u>	<u>5,653</u>	<u>23,159,893</u>
Net Assets (Deficit)			
Invested in capital assets, net of related debt	(5,205,726)	5,133,597	(72,129)
Restricted for:			
Debt service	699,913	-	699,913
Unrestricted	3,098,316	246,774	3,345,090
Total Net Assets (Deficit)	<u>(1,407,497)</u>	<u>5,380,371</u>	<u>3,972,874</u>
	<u>\$ 21,746,743</u>	<u>\$ 5,386,024</u>	<u>\$ 27,132,767</u>

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Statement of Activities
For the Year Ended September 30, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 133,767	\$ -	\$ -	\$ -	\$ (133,767)	\$ -	\$ (133,767)
Community development	3,566,557	-	-	440,153	(3,126,404)	-	(3,126,404)
Parking facilities	-	-	-	-	-	-	-
Real estate interest	-	21,960	-	-	21,960	-	21,960
Interest on long-term debt	517,358	-	-	-	(517,358)	-	(517,358)
Total Governmental Activities	<u>4,217,682</u>	<u>21,960</u>	<u>-</u>	<u>440,153</u>	<u>(3,755,569)</u>	<u>-</u>	<u>(3,755,569)</u>
Business-Type Activities:							
Rental property	338,899	414,635	-	-	-	75,736	75,736
Total Business-Type Activities	<u>338,899</u>	<u>414,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,736</u>	<u>75,736</u>
Total Primary Government							
General Revenues and Transfers:							
Taxes:							
Property taxes, levied for general tax increment purposes					2,129,852	-	2,129,852
Other income and sale of assets					1,054	-	1,054
Interest and investment earnings					1,736	-	1,736
Transfers					-	-	-
Total General Revenues and Transfers					<u>2,132,642</u>	<u>-</u>	<u>2,132,642</u>
Changes in Net Assets					(1,622,927)	75,736	(1,547,191)
Net Assets, October 1, 2011					<u>215,430</u>	<u>5,304,635</u>	<u>5,520,065</u>
Net Assets, September 30, 2012					<u>\$ (1,407,497)</u>	<u>\$ 5,380,371</u>	<u>\$ 3,972,874</u>

The accompanying notes are an integral part of the financial statements

FINANCIAL STATEMENTS

Fund Financial Statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Fund Balance Sheet
GOVERNMENTAL FUNDS
September 30, 2012

	General	Redevelopment	Debt Service	Total Governmental Funds
Assets				
Cash	\$ 268,253	\$ 6,421,791	\$ 699,913	\$ 7,389,957
Property tax receivable	-	87,917	-	87,917
Interest income receivable	-	14	6	20
Due from other governments	-	9,371	-	9,371
Total Assets	<u>\$ 268,253</u>	<u>\$ 6,519,093</u>	<u>\$ 699,919</u>	<u>\$ 7,487,265</u>
Liabilities				
Accounts payable	\$ 106,934	\$ 3,599,102	\$ -	\$ 3,706,036
Deferred revenue	-	131,596	-	131,596
Total Liabilities	<u>106,934</u>	<u>3,730,698</u>	<u>-</u>	<u>3,837,632</u>
Fund Balances				
Restricted fund balance:	-	-	699,912	699,912
Unrestricted fund balance:				
Committed fund balance	-	2,788,395	7	2,788,402
Assigned fund balance	-	-	-	-
Unassigned fund balance	161,319	-	-	161,319
Total Fund Balances	<u>161,319</u>	<u>2,788,395</u>	<u>699,919</u>	<u>3,649,633</u>
Total Liabilities and Fund Balances	<u>\$ 268,253</u>	<u>\$ 6,519,093</u>	<u>\$ 699,919</u>	<u>\$ 7,487,265</u>

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2012

	General	Redevelopment	Debt Service	Total Governmental Funds
Revenues				
Property taxes	\$ 224,624	\$ 1,203,337	\$ 701,888	\$ 2,129,849
Investment income	-	1,662	75	1,737
Other income	1,054	-	-	1,054
Grant Income	-	440,153	-	440,153
Total Revenues	<u>225,678</u>	<u>1,645,152</u>	<u>701,963</u>	<u>2,572,793</u>
Expenditures				
Current				
General government and administration	133,261	124	-	133,385
Area development and improvements	54,071	15,066,025	-	15,120,096
Real estate purchase	-	57,800	-	57,800
Debt service				
Principal	676,350	44,952	400,000	1,121,302
Interest and other charges	25,742	16,411	301,963	344,116
Total Expenditures	<u>889,424</u>	<u>15,185,312</u>	<u>701,963</u>	<u>16,776,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(663,746)</u>	<u>(13,540,160)</u>	<u>-</u>	<u>(14,203,906)</u>
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Construction advances	-	13,680,309	-	13,680,309
Capital lease	663,746	-	-	663,746
Total Other Financing Sources (Uses)	<u>663,746</u>	<u>13,680,309</u>	<u>-</u>	<u>14,344,055</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>140,149</u>	<u>-</u>	<u>140,149</u>
Fund Balances - Beginning of Year	161,319	2,648,246	699,919	3,509,484
Fund Balances - End of Year	<u>\$ 161,319</u>	<u>\$ 2,788,395</u>	<u>\$ 699,919</u>	<u>\$ 3,649,633</u>

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Reconciliation of Governmental Fund Statements to Government-Wide Statements

Reconciliation of Fund Balances of Governmental Funds to Statement of Net Assets at September 30, 2012

Governmental Fund Balances	\$	3,649,633
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		14,242,478
Prepaid expenses are not a financial resource and therefore not reported in the governmental funds		17,000
Other long-term assets not available to pay current-period expenditures and therefore are deferred in the governmental funds		131,596
Long-term liabilities, including bonds, real estate notes, and revenue notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		(19,448,204)
Total Net Assets (Deficit) of Governmental Activities	<u>\$</u>	<u>(1,407,497)</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended September 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$	140,149
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. Changes in these deferred amounts are reported in governmental activities		-
Governmental funds report principal payments in the period they are paid while the payment reduces long-term liabilities in the Statement of Net Assets		1,121,303
Governmental funds report interest payments in the period in which paid while governmental activities report the amount applying to the current period		(173,242)
Government funds report capital lease payments received in the period they become available while governmental activities report the full principle balance as sales proceeds in the current period		(642,217)
Governmental funds report the financing of capital assets as revenue while governmental activities report the amount as an increase in debt		(13,680,309)
Governmental funds report purchases of land as expenditures while governmental activities report the amount as an increase in real estate assets		11,611,389
Changes in Net Assets of Governmental Activities	<u>\$</u>	<u>(1,622,927)</u>

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Fund Balance Sheet
PROPRIETARY FUND
September 30, 2012

	Rental Activity
Assets	
Cash	\$ 252,427
Land, Buildings and Improvements	5,065,264
Equipment	475,000
Accumulated Depreciation	(406,667)
Total Assets	\$ 5,386,024
 Liabilities	
Accounts Payable	\$ 5,653
Total Liabilities	5,653
 Fund Balances	
Invested in capital assets, net of related debt	5,380,371
Total Fund Balances	5,380,371
Total Liabilities and Fund Balances	\$ 5,386,024

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Statement of Revenues, Expenditures, and Changes in Fund Balances
PROPRIETARY FUND
For the Year Ended September 30, 2012

	Rental Activity
Operating Revenues	
Rental income	\$ 414,635
Total Operating Revenues	414,635
Expenses	
Depreciation	152,500
Property taxes	46,908
Real estate lease	68,000
Real estate expense	71,491
Total Operating Expenses	338,899
Operating Income (Loss)	75,736
Interfund Transfers and Contributions	
Transfers in (out)	-
Contribution of fixed assets	-
Net Transfers and Contributions	-
Net Income	75,736
Fund Balances - Beginning of Year	5,304,635
Fund Balances - End of Year	\$ 5,380,371

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Statement of Cash Flows
PROPRIETARY FUND
September 30, 2012

	Rental Activity
Cash Flows from Operating Activities	
Receipts from customers	\$ 414,635
Payments to suppliers	(276,025)
Net Cash Provided (Used) by Operating Activities	138,610
Cash Flows from Non-Capital Financing Activities	
Transfers from other funds	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-
Net Increase (Decrease) in Cash and Cash Equivalents	138,610
Cash - Beginning of Fiscal Year	113,817
Cash - End of Fiscal Year	\$ 252,427
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 75,736
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	152,500
Increase (decrease) in Accounts payable	(89,626)
Net Cash Provided (Used) by Operating Activities	\$ 138,610

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies

Organization

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law on July 19, 1965 to rehabilitate, conserve, and redevelop deteriorated or deteriorating areas in the City of Twin Falls to increase the tax base, promote economic development and promote employment.

In April 1998, the Urban Renewal Agency adopted an Urban Renewal Plan for Urban Renewal Area No. 4 and created Revenue Allocation Area No. 4-1.

Urban Renewal Area No. 4 includes the old town area and much of the industrial area of Twin Falls, stretching from 2800 East to 3300 East between the South Park Avenue / Kimberly Road line on the north and Orchard Avenue on the south, plus a call center building on Poleline Road.

Revenue Allocation Area No. 4-1 includes limited areas within Urban Renewal Area No. 4.

In April 2007, Urban Renewal Area was modified to include the eligible area between 3200 East and 3300 East and south of the Eastern Idaho rail line, and this same area was designated Revenue Allocation Area 4-2. The purpose of this was to provide tax increment revenue to use for economic development in the Area. Accordingly, the Agency is using this revenue to reimburse the developer, over 5 years, for infrastructure required for development to occur.

In November 2011, the Board of Directors passed a resolution creating Revenue Allocation Area No. 4-3. Revenue Allocation Area No. 4-3 consists of approximately two hundred and twenty acres and is generally located south of Kimberly Road (3800 North of Highway 30, west of 3300 East and north of the railroad). The new allocation area did not receive property tax revenue in the current year.

Under Chapter 20, Title 50 of the Idaho Code, the Agency is an independent public body, corporate and politic. For financial reporting purposes only the Agency is a discretely presented component unit of the reporting entity of the City of Twin Falls, Idaho.

Financial Reporting Entity

The Agency's financial statements include the accounts of all Agency operations. Governmental accounting and financial reporting standards require the inclusion of any organizations considered a component unit of the reporting entity.

Urban Renewal Agency of the City of Twin Falls, Idaho has no component units, but is considered a component unit of the City.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies – continued

Basis of Presentation

The financial statements of the Urban Renewal Agency of the City of Twin Falls, Idaho, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 governmental Agency's accounting policies are described below.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These report information about the reporting entity as a whole. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part by fees charged to external customers.

The statement of activities reports the expense of a given function offset by any program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Agency's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers.

These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The Agency reports the following major governmental funds:

The general fund 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.

The special revenue fund accounts for revenue sources that are legally restricted to expenditures for specific purposes.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies - continued

Proprietary Funds

Proprietary Funds are accounted for on the flow of economic resources measurements focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Agency applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the Agency are prepared in accordance with generally accepted accounting principles (GAAP). The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Agency's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the elimination of internal activity between or within funds. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements report using this same focus and 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 tax revenues are recognized in the year for which they are levied and grants when eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and *available*. *Available* means collectible within the current period or soon enough thereafter to pay current liabilities. The Agency considers revenues to be *available* if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for bond principal and interest which are reported as expenditures in the year due.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies – continued

Those revenues susceptible to accrual are property taxes and interest revenue.

The Agency reports deferred revenue, for property tax amounts receivable, which do not meet the *available* criteria for recognition in the current period.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annually budgets are adopted for the general, redevelopment and debt service funds. All annual appropriations lapse at fiscal year-end.

Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Short-term investments are all in U. S. Treasury money market funds regulated by the Securities and Exchange Commission.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments are stated at fair market value at year end.

Custodial Credit Risk

For deposits and investments, custodial credit 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.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies – continued

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's Standard & Poor's and Fitch's. The investments of the Agency are not rated and the Agency's policy does not restrict them to rated.

Receivables and Payables

All trade and property tax receivables are shown net of any allowances for collectability.

Capital Lease Receivable

Capital leases are reported as a sale in the year of inception and the remaining principal is reported as an asset in the Statement of Net Assets. The Fund Balance Sheet reports the full amount of all remaining lease *payments* as receivable and provides deferred revenue for all payments which do not meet the *available* criteria for recognition in the current period.

Restricted Assets

Tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received, these revenues are deposited in a separate account controlled by a bank trustee. All use of these funds must be requisitioned and approval of the trustee is required before payment is made.

The amount shown as restricted cash in the financial statements is the maximum annual debt service requirements for both principal and interest on the bond. That maximum year is the year payments are due on August 1, 2013.

Capital Assets

In its process and efforts to rehabilitate many areas of the City of Twin Falls, the Agency has acquired certain properties and made improvements such as streets, parking lots and parks. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

Proprietary capital assets are reported in their respective fund. Donated assets are stated at fair value on the date donated. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies – continued

Property, plant and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

Land	Not depreciated
Buildings and improvements	50 years
Machinery and equipment	5-20 years

Depreciation has been computed and recorded in these statements for the rental fund's existing building.

Long-term Obligations

In the government-wide and proprietary fund financial statements, outstanding debt is reported as liabilities. Bond issuance costs and bond discounts or premiums are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

The government fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures when incurred.

Fund Equity

In the government-wide financial statements, the difference between the Agency's total assets and total liabilities represents net assets. Net assets displays three components – invested in capital assets, net of related debt; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net assets represent the net assets available for future operations.

The Agency has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Agency to classify and report amounts in the appropriate fund balance classifications. The Agency's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of nonspendable, restricted, committed, assigned, or unassigned.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

1. Summary of Significant Accounting Policies – continued

Nonspendable fund balance - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Agency’s highest level of decision-making authority, the Board of Directors.

Interfund Transactions

Interfund transactions are reported as operating transfers in conformity with generally accepted accounting principles.

2. Budgetary Compliance

Annually by September 1, the Agency is required to adopt and publish a budget for the next fiscal year. This budget is prepared by fund and includes historical information for the prior two year.

3. Cash and Investments

Cash and Cash Equivalents – A reconciliation of cash and cash equivalents at September 30, 2012 is as follows.

Cash in bank	\$ 5,243,002
Money-market bond funds	<u>2,399,382</u>
Total Cash & Cash Equivalents	<u><u>\$ 7,642,384</u></u>

The reconciled bank balance is covered by \$250,000 federal depository insurance with the remainder covered by collateral held by the Agency’s agent in the Agency’s name.

The Agency has no investments in foreign currency and no expenses to foreign currency risk.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

4. Taxes Receivable and Deferred Revenue

Long-term liabilities consist of bonds, notes, and other indebtedness.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

The Urban Renewal Agency operates within Twin Falls County, Idaho. Idaho counties are responsible for collecting property taxes and remitting them to the various taxing entities within the County. Annually, taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20 in the following year. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner, and such other persons described by statute, by paying all back taxes and accumulated penalties, interest and costs.

In the governmental fund statements, taxes receivable and deferred revenue consist of property tax revenue yet to be collected. Amount due from other governments is the property tax revenue estimated to be collected by Twin Falls County after year end and remitted to the Agency through November 2012.

**URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

5. Capital Lease Receivable

On December 13, 2004, the Agency purchased the building at 621 Washington Street South in Twin Falls, to lease to Jayco, Inc., a major national manufacturer of recreational vehicles.

The building was purchased for \$2,400,000 plus expenses of \$53,101. The agency paid \$82,320, applied the funds of a Development Block Grant of \$500,000 received from the State of Idaho, and entered into a promissory note with D. L. Evans Bank of Twin Falls for the balance of \$1,870,781.00. The note has a term of 10 years, bears interest at 4.26% per annum and monthly payments are \$19,172.96.

The rent due under the lease agreement is the same as monthly debt service, the term is the same as the note, title transfers at the end of the lease, and rents are assigned to the bank for debt service on the note. These terms require the lease to be treated as a capital lease under generally accepted accounting principles, which give it the same characteristics as a contract of sale.

During 2012 this lease was paid in full. The property was subsequently transferred to Jayco Inc. during November 2012.

6. Capital Assets

A summary of activity in the general fixed for the Agency for the year ended September 30, 2012, was as follows:

	Balance, September 30, 2011	Additions	Deletions	Balance, September 30, 2012
Governmental Activities:				
Construction in Progress	\$ -	\$ 11,553,589	\$ -	\$ 11,553,589
Land and buildings	2,631,089	57,800	-	2,688,889
	<u>\$ 2,631,089</u>	<u>\$ 11,611,389</u>	<u>\$ -</u>	<u>\$ 14,242,478</u>
Business Type Activities:				
Land	\$ 1,350,000		\$ -	\$ 1,350,000
Buildings & Improvments	3,500,000		-	3,500,000
Equipment	475,000	215,264	-	690,264
Total	<u>\$ 5,325,000</u>	<u>\$ 215,264</u>	<u>\$ -</u>	<u>\$ 5,540,264</u>
Accumulated Depreciation for Business-Type Activities				
Buildings & Improvments	\$ 116,667	\$ 70,000	\$ -	\$ 186,667
Equipment	137,500	82,500	-	220,000
Total	<u>\$ 254,167</u>	<u>\$ 152,500</u>	<u>\$ -</u>	<u>\$ 406,667</u>

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

7. Long-term Debt

Area development expenditures included \$2,592,372 for engineering fees. Substantially all of which related to engineering cost in Revenue Allocation Area No. 4-3.

The Agency has issued revenue allocation bonds that are payable, both principal and interest, solely from the revenues the Agency derives from the increased property taxes generated from the revenue allocation area described in the bond ordinance.

On August 1, 2005, the Agency issued \$7,735,000 in Revenue Allocation Refunding Bonds, Series 2005A, to refund the \$6,935,000 outstanding principal of the Agency's Urban Renewal Multi-Mode Variable Rate Revenue Allocation (Tax Increment) Bonds, 1998, Series A to provide for a fixed interest rate and a present value interest cost savings; and to provide a reserve fund and to pay costs of issuance of the Bonds. The term of the new bonds is the same as the refunded bonds.

Revenue bonds and notes

Outstanding debt at September 30, 2012 consists of the following:

Revenue Allocation Refunding Bonds, Series 2005A, dated August 1, 2005 and maturing August 1, 2022. These are revenue allocation (tax-increment) bonds payable, both principal and interest, solely from the income, proceeds, revenues and funds the Agency derives from and in connection with the increased property taxes generated from the revenue allocation area as described in the bond ordinance and instrument. The proceeds of the bonds provided funds to advance refund prior obligations issued, and establish a reserve fund required by terms of the issue. The bonds are term bonds that require annual sinking fund deposits on August 1 each year. Bonds maturing August 1, 2016 and later are subject to prior redemption on August 1, 2015. The bonds bear interest at rates ranging from 4.35% to 5.45%.

\$ 5,295,000

**URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

7. Long-term Debt – continued

<i>Promissory Note due Larry and Karen Tucker</i> , dated June 8, 2009, for the purchase of real estate. This note is payable in monthly installments of \$3663.68, beginning August 1, 2009, including interest of 6.00% and matures August 1, 2019.	245,965
<i>Promissory Note due Larry McElliott</i> , dated November 20, 2007, for the purchase of land. This note is payable in monthly installments of \$1,449.96, beginning December 1, 2007, including interest of 6.00% and matures November 1, 2012.	2,878
Total	<u><u>\$ 5,543,843</u></u>

Expected annual maturities of these obligations are as follows:

Year	Total	Interest	Principal
September 30, 2013	\$ 746,784	\$ 293,875	\$ 452,909
September 30, 2014	743,086	271,211	471,875
September 30, 2015	741,307	247,466	493,841
September 30, 2016	742,616	221,688	520,928
September 30, 2017	742,639	194,495	548,144
2018-2022	3,564,726	508,580	3,056,146
Total	\$ 7,281,158	\$ 1,737,315	\$ 5,543,843

Changes in Long-Term Debt

During the year ended September 30, 2012, the following changes occurred in liabilities reported as the general long-term debt.

**URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO**

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

7. Long-term Debt – continued

Obligation	Balances, September 30, 2011	Additions	Repayments	Balances, September 30, 2012
Promissory note payable to Larry McElliott	\$ 19,558	\$ -	\$ 16,680	\$ 2,878
Promissory note payable to D.L. Evans Bank	676,350	-	676,350	-
Promissory note payable to Larry and Karen Tucker	274,238	-	28,273	245,965
Revenue Allocation Bonds, Series 2005A	5,695,000	-	400,000	5,295,000
Total	<u>\$ 6,665,146</u>	<u>\$ -</u>	<u>\$ 1,121,303</u>	<u>\$ 5,543,843</u>

The bonds, or other debt of the Agency are not indebtedness, within the meaning of any constitutional or statutory debt limitation, and are not and will not be a debt of the City of Twin Falls, and the City shall not be liable thereon.

Continuing Disclosure

The 2005 bonds are subject to the requirements of Continuing Disclosure under S.E.C. Rule 15c2-12(b)(5). The following information is provided in compliance with this requirement. Additionally, these financial statements have been submitted to Wells Fargo Bank, Trustee and Dissemination Agent for the bonds, for placement in a nationally recognized repository.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

7. Long-term Debt – continued

Continuing Disclosure Bond Information		Original	Principal
<u>Maturity</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Outstanding</u>
August 1, 2008	4.35%	\$ 955,000	\$ -
August 1, 2010	4.60%	705,000	-
August 1, 2014	4.95%	1,640,000	1,260,000
August 1, 2017	5.15%	1,455,000	1,455,000
August 1, 2022	5.45%	2,980,000	2,980,000
Totals		<u>\$ 7,735,000</u>	<u>\$ 5,695,000</u>
Amounts on deposit			
Revenue Allocation Fund			\$ 1,699,478
Bond Fund			12
Reserve Fund			699,913
Total on deposit			<u>\$ 2,399,403</u>
Revenue Allocation Revenues			
Property taxes for 2011 (2012 budget and reporting period)			\$ 2,079,868
Property taxes for prior periods			49,981
Total reported in Governmental Funds			<u>\$ 2,129,849</u>
Assessed values of property within Revenue Allocation Area			
Total assessed value for 2011			<u>\$ 228,142,374</u>
Tax increment value for 2011			<u>\$ 153,034,638</u>

There are no Continuing Disclosure Significant Events to report.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

8. Operating Lease Expense

The Agency leases a parking lot for use by employees of its tenant, C3. The initial term of this lease is fifteen years from January 2003. The lease requires annual rent of \$68,000 due on January 1 each year through 2012, increasing to \$72,000 on January 1, 2013. If the lease is renewed for an additional five-year term the rent increases to \$124,630 on January 1, 2018. The lease agreement includes annual options to purchase beginning in December 2007. The option amount is \$1,133,000 until 2012, increasing to \$1,246,300 in 2013, and to \$1,370,930 if not exercised until after 2017.

The future minimum lease payments on this lease, through 2017, are as follows:

September 30, 2013	\$ 68,000
September 30, 2014	72,000
September 30, 2015	72,000
September 30, 2016	72,000
September 30, 2017	<u>72,000</u>
Total	<u><u>\$ 356,000</u></u>

9. Management Agreement

The Agency and the City of Twin Falls entered into an agreement in March 1993, where the City agreed to provide administrative, legal, engineering, budgeting and accounting services in exchange for a fee paid by the Agency. The amount is determined annually and was \$106,000 for the year.

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2012

10. Commitments and Subsequent Events

Subsequent to year end the Agency closed on an interim warrant with Zion's Bank. The warrant in the amount of \$28,051,000 is callable at any time and has an interest rate of 5%. The majority of the proceeds were used to repay Chobani, a private Idaho corporation, funds it had advanced for construction projects undertaken by the Agency. The balance of the warrant is also available for further construction of these same projects. The warrant is an interim step that was designed to lead to long term financing. The Agency has passed a resolution authorizing the creation of both bonds and a contract to sell those long-term bonds to Zion's Bank. Proceeds from the bonds will repay the warrant.

As discussed in Note 5 the capital lease with Jayco was paid off during the current year. Title to the leased property was transferred during November 2012.

The Agency has evaluated subsequent events through February 5, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<u>Proposed and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Property taxes	\$ 190,000	\$ 224,624	\$ 34,624
Other income	750	1,054	304
Total Revenues	<u>190,750</u>	<u>225,678</u>	<u>34,928</u>
Expenditures			
Current			
General government	153,248	133,261	19,987
Area development and improvements	-	54,071	(54,071)
Debt service			
Principal	-	676,350	(676,350)
Interest	-	25,742	(25,742)
Total Expenditures	<u>153,248</u>	<u>889,424</u>	<u>(736,176)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,502</u>	<u>(663,746)</u>	<u>(701,248)</u>
Other Financing Sources (Uses)			
Transfers in (out)	-	-	-
Capital lease revenue	230,077	663,746	433,669
Total Other Financing Sources (Uses)	<u>230,077</u>	<u>663,746</u>	<u>433,669</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 267,579</u>	-	<u>\$ (267,579)</u>
Fund Balance - Beginning of Year		<u>161,319</u>	
Fund Balance - End of Year		<u>\$ 161,319</u>	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Redevelopment Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,111,787	\$ 1,203,337	\$ 91,550
Investment income	6,450	1,662	(4,788)
Grant Income		440,153	
Total Revenues	1,118,237	1,645,152	86,762
Expenditures			
Current			
General government and administration	-	124	(124)
Real estate lease	-	-	-
Area development and improvements	5,045,186	15,066,025	(10,020,839)
Real estate expense	10,700	-	10,700
Real estate purchase	-	57,800	(57,800)
Debt service			
Principal	250,181	44,952	205,229
Interest and other charges	41,259	16,411	24,848
Total Expenditures	5,347,326	15,185,312	(9,837,986)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,229,089)	(13,540,160)	(9,751,224)
Other Financing Sources (Uses)			
Construction advances	-	13,680,309	13,680,309
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	13,680,309	13,680,309
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (4,229,089)	140,149	\$ 3,929,085
Fund Balance - Beginning of Year		2,648,246	
Fund Balance - End of Year		\$ 2,788,395	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 703,213	\$ 701,888	\$ (1,325)
Investment income	-	75	75
Contributions	-	-	-
Total Revenues	703,213	701,963	(1,250)
Expenditures			
Debt service			
Principal	400,000	400,000	-
Interest and other charges	303,213	301,963	1,250
Total Expenditures	703,213	701,963	1,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources (Uses)			
Cash carryover	-	-	-
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ -	-	\$ -
Fund Balance - Beginning of Year		699,919	
Fund Balance - End of Year		\$ 699,919	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Proprietary Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	Proposed and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Rental income	\$ 402,560	\$ 414,635	\$ 12,075
Total Revenues	402,560	414,635	12,075
Expenditures			
Current			
Depreciation	-	152,500	(152,500)
Insurance	2,100	-	2,100
Property taxes	31,850	46,908	(15,058)
Real estate lease	68,000	68,000	-
Real estate expense	80,000	71,491	8,509
Total Expenditures	181,950	338,899	(156,949)
Excess (Deficiency) of Revenues Over (Under) Expenditures	220,610	75,736	(144,874)
Other Financing Sources (Uses)			
Contribution of Assets	-	-	-
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 220,610	75,736	\$ (144,874)
Fund Balance - Beginning of Year		5,304,635	
Fund Balance - End of Year		\$ 5,380,371	

The accompanying notes are an integral part of the financial statements



Mahlke Hunsaker & Company PLLC
C e r t i f i e d P u b l i c A c c o u n t a n t 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

To the Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho (the Agency) as of and for the year ended September 30, 2012, which collectively comprise the Agency’s basic financial statements and have issued our report thereon dated February 5, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

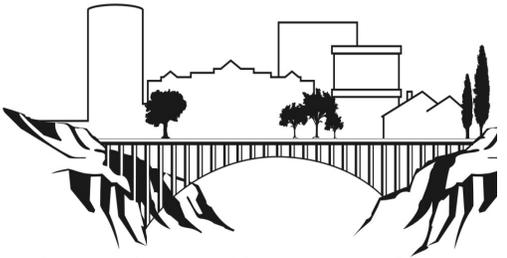
As part of obtaining reasonable assurance about whether the Agency’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

This report is intended solely for the information and use of the audit committee, management, 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.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, PLLC
February 5, 2013



**THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS**

Date: March 11, 2013
To: Urban Renewal Agency of the City of Twin Falls
From: Melinda Anderson, URA Executive Director

Request:

Consideration of a request to approve a change order by McCoy Construction for \$10,554 to demolish the Hotsy Garage and relocate/create a fence to the property line between TFURA and Watco.

Background:

Recently TFURA board members asked staff to investigate demolishing the Hotsy Garage as the Glanbia construction is underway. McCoy has provided an estimate for the change order to both demolish the building as well as to relocate/create new fencing along the Watco/TFURA property line. That is attached.

Working with Tim Vawser of EHM, I reviewed the estimate with Watco. Watco has offered to pay \$1,294 of the total estimate which is slightly more than half of the fencing portion of the estimate. It is typical for neighbors to split the cost of new fencing. Watco has asked to use about 48 feet of existing fence to relocate along the property line. Watco will also provide additional privacy slats on its side of the fence to complete the look of the fence.

Tim also provided documentation from a previous project that shows the property line location. Watco has confirmed they accept the location of the property line. The property line location on 4th Ave South runs into the current gate and Watco is fine with taking out the gate – they have no use for it and neither does TFURA.

On February 19, Dan Brizee and Dexter Ball asked the Historic Preservation Commission to approve the demolition of the Hotsy Garage and the Commission did so. The City's employees have emptied the building of any usable items that still remained in it.

With this change order to the Glanbia Phase II project, McCoy Construction can begin demolition during its construction schedule. McCoy still hopes to begin Phase II construction in mid-March.

Approval Process:

This agreement would need to be considered in an open meeting with a majority of the board members voting in favor of it.

Budget Impact:

It increases the cost to TFURA for Phase II by \$11,848 with Watco reimbursing TFURA for \$1,294 bringing TFURA's total cost down to \$10,554. Those funds are within the set budget.

Conclusion:

Staff recommends this change order be approved.

Attachments:

1. McCoy Construction Estimate



1646 Eldridge Ave-PO Box 1657
 Twin Falls, ID 83303-1657
 Phone # 208-733-2585
 Fax # 208-734-4379

Estimate

NAME / ADDRESS
EHM Enginners, Inc. 621 N. College Rd Twin Falls, ID 83301 Block 132 Change Order Hotsy Building Demolition

DATE	ESTIMATE NO.
2/14/2013	2449 Rev 2

PROJECT

DESCRIPTION	QTY	UOM	COST	TOTAL
Building Demolition / Disposal	1	ls	9,500.00	9,500.00
Fence Demolition	1	ls	500.00	500.00
Erect New Fence	68	lf	18.00	1,224.00
Erect Salvaged Fence	48	lf	13.00	624.00
Total				\$11,848.00