



NAMPA DEVELOPMENT CORPORATION  
(A COMPONENT UNIT OF THE CITY OF NAMPA, IDAHO)

REPORT ON AUDIT OF  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

\*\*\*\*\*

# NAMPA DEVELOPMENT CORPORATION

## 2009 ANNUAL REPORT

### TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet -- Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to the Financial Statements	15
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance -- Budget and Actual - General Fund	22
Notes to Required Supplementary Information	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24



---

## INDEPENDENT AUDITORS' REPORT

---

Management and Members of the Board of Directors  
**Nampa Development Corporation, a blended component**  
**Unit of the City of Nampa, Idaho**

We have audited the accompanying financial statements of the governmental activities of Nampa Development Corporation, a blended component unit of the City of Nampa, Idaho, as of and for the year ended September 30, 2009, which collectively comprise Nampa Development Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nampa Development Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

As discussed in Note 1, the financial statements present on the Nampa Development Corporation and do not purport to, and do not, present fairly the financial position of the City of Nampa, Idaho, as of September 30, 2009, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Nampa Development Corporation, as of September 30, 2009, and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 01, 2010, on our consideration of Nampa Development Corporation'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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise Nampa Development Corporation's basic financial statements. The management's discussion and analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Boise, Idaho  
March 01, 2010

*Nampa Development Corporation  
Management's Discussion and Analysis  
Fiscal Year 2009*

This discussion and analysis is provided by management in accordance with GASB requirements to assist the reader in identifying and reviewing key issues and financial activity for the fiscal year ending September 30, 2009. Since this discussion and analysis focuses on the current fiscal year's activities and is a summary analysis, the reader is encouraged to review the financial statements which follow this section to acquire the full information contained in this report.

*FINANCIAL HIGHLIGHTS*

- From the Statement of Net Assets: Total Assets increased from \$7.4 million in FY 2008 to \$9.8 million in FY 2009. Total Liabilities increased by \$247,000, primarily due to the increase in deferred revenues to \$2.8 million in 2009.
- From the Statement of Revenues, Expenditures, and Changes in Fund Balances: The loan from the City of Nampa was increased by \$181,000 (net of payments) due to the purchase of land prior to the receipt of taxes in January, 2009. The fund balance increased from \$(174,859) in 2008 to \$51,793 in 2009, creating a small reserve.

*BACKGROUND*

The Nampa Development Corporation (NDC) is an Urban Renewal Agency (the "Agency") organized on October 16, 2006 under the Idaho Urban Renewal Law, Chapter 20, and Title 50 of the Idaho Code. The Agency was established to oversee redevelopment efforts in deteriorated areas of the community. The Economic Development Redevelopment Plan adopted by the Agency on October 26, 2006 was established to revitalize downtown, develop the North Nampa industrial area and improve commercial arterials. Anticipated projects include a central library, North Nampa industrial infrastructure, a central police station, Nampa Caldwell Boulevard improvements, Franklin Boulevard right of way improvements, and freeway interchange improvements. The Redevelopment Plan will be completed by December 31, 2030, at which time the Agency's assets will revert to City ownership.

*REVENUES AND PROPERTY VALUES*

Tax increment financing is the primary source of revenue for the Agency. The amount of revenue received from property taxes is determined by the value of taxable property in excess of the base year, multiplied by the current tax levy rates in effect from the various taxing districts within the Urban Renewal boundaries. If the market value of property increases, in part due to investments made by the Agency, the proceeds from the property tax may increase even with no increase in the tax levy rates. The setting of rates is the responsibility of local governmental entities within allowable limits of state law.

The market value of all real and personal properties within the Urban Renewal Agency boundaries has increased since the inception of the District. As of January 1, 2006, the base year, market values of taxable property within the Urban Renewal Revenue Allocation Area totaled \$293,694,693. The 2008 Market values for fiscal 2009 have increased to \$464,813,167. This increase in market value represents a 2008 increment value of \$171,118,474 and 2008 property tax revenue available for fiscal 2009 of \$2,608,909.95. Taxing districts involved include: Vallivue School District #139, Nampa School District #131, Canyon County, Ambulance District, Pest Control, City of Nampa, Canyon Highway District #4, Nampa Fire District, College of Western Idaho, Canyon County Mosquito Abatement, and Nampa Highway Dist #1.

### *OVERVIEW OF THE FINANCIAL STATEMENTS*

These financial statements focus on both the Agency as a whole (Agency-wide) and on the major individual funds. Viewing governmental activity both as a whole and by individual major fund gives the reader a broader perspective, increases the Agency's accountability, and provides a fuller picture of the financial health and activities of the Agency.

The Agency's basic financial statements are composed of three parts: 1) Agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Agency-Wide Financial Statements**

The Agency-wide financial statements are designed to more closely parallel the reporting used in private-sector businesses, in that all governmental and business-type activities are reported using the same basis of accounting (accrual), and that the statements include a total column to provide information on the Agency as a whole. These statements should better answer the question "As a whole, is the Agency financially better off or worse off than it was a year ago?"

The Statement of Net Assets provides information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets (this report includes all current and historical assets). Historical trending of the Agency's net assets can provide a useful indicator as to whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities provides information showing changes made to the Agency's net assets during fiscal year 2009. Financial activity shown on this statement is reported on an accrual basis (at the time the underlying event causing the change occurs, rather than at the time the cash flows happen). Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**Governmental Financial Statements**

A fund is a self-balancing set of accounts that is used to keep track of specific revenues and expenditures related to certain activities or objectives. The Agency maintains one governmental fund at this time: the general fund.

Governmental funds use *modified accrual accounting*, which measures current economic resources and focuses on changes to the current financial resources. This information can be useful in evaluating a government's short term financial needs.

The Agency does not have any Proprietary or Fiduciary Funds.

**Notes to the Financial Statements and Other Information**

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements start on page 15.

**Government-Wide Financial Analysis**

The following Table 1 reflects the condensed FY 08 and FY09 Statement of Net Assets. Two year data is presented for comparison purposes.

Net assets over time can serve as a useful indicator of changes in an entity's financial position. Net assets increased by \$2.1 million in fiscal year 2009, largely due to increases in capital assets.

**Table 1  
Statement of Net Assets  
for Governmental Activities**

	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2009</b>
Current and other assets	\$ 3,412,654	\$ 3,950,641
Capital assets	3,989,843	5,839,497
Total assets	7,402,497	9,790,138
Current and other liabilities	3,583,098	3,849,919
Long-term liabilities	3,511,369	3,492,010
Total liabilities	7,094,467	7,341,929
Net assets:		
Invested in capital assets, net of related debt	478,474	2,147,487
Unrestricted	(170,444)	300,722
Total net assets	\$ 308,030	\$ 2,448,209

Table 2 provides a summary of the Agency's operation for the fiscal year ended September 30, 2009. Prior year data is presented for comparison purposes.

**Table 2**  
**Statement of Activities**  
**As of September 30, 2008 and 2009**

	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
<b>Revenues:</b>		
Charges for Services		\$ 28,428
General Revenues:		
Property Taxes	\$ 1,133,884	2,762,733
Interest Income		2,000
Miscellaneous	63	
<b>Total Revenues</b>	<u>1,133,947</u>	<u>2,764,733</u>
<b>Expenses:</b>		
Urban Renewal	556,799	556,544
Interest Expense	12,062	96,438
<b>Total Expenses</b>	<u>568,861</u>	<u>652,982</u>
<b>Increase in Net Assets</b>	565,086	2,140,179
Net Assets – beginning	(257,056)	308,030
Net Assets – ending	<u>\$ 308,030</u>	<u>\$ 2,448,209</u>

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

As of the fiscal year end, the Agency's ending combined fund balance totaled \$51,793, an increase of \$226,652 from the previous year.

Actual to budget comparisons are found following the Notes to the Financial Statements. There were no amendments to the FY09 budget. There was an overall variance between budgeted and actual expenditures of \$1,332,001. This variance resulted from delays in capital projects for a new public safety building and library.

### **Capital Assets**

At fiscal year end, the Agency's investment in capital assets consisted of \$4,578,089 in land, and \$1,261,408 for construction in progress, totaling \$5,839,497. Capital purchases for a future library totaled \$2,041,772; capital purchases for a future public safety building totaled \$2,730,289; and other capital purchases of land and improvements totaled \$1,067,436.



## **Debt Administration**

During fiscal year 2009, the Agency borrowed an additional \$374,600 for a land purchase and paid \$193,959 in principal payments, leaving a total loan amount of \$3,692,010 to the City of Nampa. This amount represents the total amount of long-term debt due at the end of the fiscal year.

## *FISCAL YEAR 2009 ACTIVITIES*

Projects were initiated in fiscal year 2009 to meet the commitment to economic development within the geographic boundaries of the Urban Renewal District. Key activities of the Agency projects are identified below.

- Met contractual obligations of the Agency with a payment to the Vallivue School District, rebating their portion of the tax increment financing.
- Funded legal fees associated with the operations of the Agency and the judicial confirmation process to enable the Agency to bond for land acquisition and the construction of the Public Safety Building.
- Began funding a downtown traffic study, the study will be completed in fiscal year 2010.
- Developed conceptual site plan for the new library structure.
- Design and engineering work was completed for the new Public Safety Building.
- Purchased nearly a half of a city block in the Downtown Historic District to provide parking downtown- approved design plan for lot layout.
- Began site preparation work for the Public Safety Building with the demolition of the Desert Inn Motel.
- Began site preparation for the construction of a parking lot near the new Public Safety Building and existing Library with the demolition of the old Goodman Oil gas station.

## *ECONOMIC FACTORS*

The tax increment revenues for the Agency are tied to growth. As the economy has slowed, so has the projected revenue growth, yet it remains above the plan's initial estimates. Current tax revenues of approximately \$2.6 million per year form a stable base. The only debt that NDC has incurred at this time is due to the City of Nampa over the next 6 years at the schedule printed in Note 5 in the Financial Statements. NDC continues to acquire properties as they become available for the purposes outlined in the Economic Development Redevelopment Plan. The Agency also is developing planning and construction documents for the various projects within the Plan.

A court challenge to urban renewal districts in the State of Idaho has delayed Agency bonding for the implementation of planned projects. The successful resolution of this court case in February, 2010 has allowed management to proceed with the consideration of bonding for construction of the Public Safety Building, anticipated to begin in the summer of 2010.

*BOARD OF COMMISSIONERS*

<u>Director:</u>	<u>Term Expiration:</u>
Pam White	Renewing with re-election
Martin Thorne	Renewing with re-election
David Ferdinand	12/31/10
Curtis Homer	Renewing with re-election
Stephen Kren	Renewing with re-election
Dan Nogales	12/31/11
Nick Treinen	12/31/12

*REQUEST FOR INFORMATION*

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Agency's finances. If you have any questions about this report or need any additional information, contact the Department of Finance, Central Services Building, 224 11<sup>th</sup> Avenue South, Nampa, ID 83651, or call (208) 468-5737.

NAMPA DEVELOPMENT CORPORATION

STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 802,065
Receivables:	
Property taxes	3,148,576
Land and other nondepreciable capital assets	<u>5,839,497</u>
Total assets	<u>9,790,138</u>
<b>LIABILITIES</b>	
Accounts payable	30,841
Accrued interest	5,310
Deferred revenues	2,886,082
Advances from the City of Nampa	727,686
Noncurrent liabilities:	
Due within one year	200,000
Due in more than one year	<u>3,492,010</u>
Total liabilities	<u>7,341,929</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,147,487
Unrestricted	<u>300,722</u>
Total net assets	<u>\$ 2,448,209</u>

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

NAMPA DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2009

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
<b>Governmental activities:</b>					
Urban Renewal	\$ 556,544	\$ 28,428	\$ -	\$ -	\$ (528,116)
Interest on long-term liabilities	96,438	-	-	-	(96,438)
Total governmental activities	<u>\$ 652,982</u>	<u>\$ 28,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(624,554)</u>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					
					\$ 2,762,733
Earnings on investments					
					<u>2,000</u>
Total general revenues					
					<u>2,764,733</u>
Change in net assets					
					2,140,179
<b>Net assets - beginning</b>					
					<u>308,030</u>
<b>Net assets - ending</b>					
					<u>\$ 2,448,209</u>

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

NAMPA DEVELOPMENT CORPORATION

BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009

---

	<u>GENERAL</u>
<b>ASSETS</b>	
Cash	\$ 802,065
Taxes receivable - current	2,886,082
Taxes receivable - delinquent	262,494
<b>Total assets</b>	<u><u>\$ 3,950,641</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 30,841
Deferred revenue	3,140,321
Advances from City of Nampa	727,686
<b>Total liabilities</b>	<u><u>3,898,848</u></u>
<b>Fund Balances:</b>	
<b>Unreserved:</b>	
Undesignated, reported in:	
General fund	51,793
<b>Total fund balances</b>	<u><u>51,793</u></u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 3,950,641</u></u>

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

NAMPA DEVELOPMENT CORPORATION

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009

---

**Total fund balances for governmental funds** \$ 51,793

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. 5,839,497

Some of the Agency's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 254,239

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for notes payable is \$5,310. (5,310)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances at year-end are:

Notes payable (3,692,010)

**Total net assets of governmental activities** \$ 2,448,209

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

NAMPA DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2009

---

	<u>GENERAL</u>
REVENUES	
Property taxes	\$ 2,524,971
Rents and charges for services	28,428
Interest	2,000
Total revenues	<u>2,555,399</u>
EXPENDITURES	
Current:	
Urban Renewal	556,544
Capital outlay	1,849,654
Debt service:	
Principal	193,959
Interest	103,190
Total expenditures	<u>2,703,347</u>
Excess (deficiency) of revenues over expenditures	(147,948)
OTHER FINANCING SOURCES (USES):	
Proceeds from note payable	<u>374,600</u>
Net change in fund balances	226,652
Fund balances at October 1	<u>(174,859)</u>
Fund balances at September 30	<u>\$ 51,793</u>

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

NAMPA DEVELOPMENT CORPORATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2009

---

**Net change in fund balances-total governmental funds** \$ 226,652

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an individual cost of more than \$5,000 for equipment and \$25,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay 1,849,654

The governmental funds report the proceeds of long-term debt as financing sources, while repayment of the principal of long-term debt is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The change in the compensated absences affects the long term liability balance and does not affect the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of note principal	193,959	
Proceeds from notes payable	(374,600)	
Interest expense - notes payable	<u>6,752</u>	
		(173,889)

Because some property taxes will not be collected for several months after the Agency's fiscal year end they are not considered available revenues in the governmental funds, but are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.

237,762

**Change in net assets of governmental activities**

\$ 2,140,179

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



## NAMPA DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2009

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nampa Development Corporation (NDC) an Urban Renewal Agency (the "Agency") was organized on October 16, 2006 under the Idaho Urban Renewal Law, Chapter 20, and Title 50 of the Idaho Code. The Agency was established to oversee redevelopment efforts in deteriorated areas of the community. The Economic Development Redevelopment Plan adopted by the Agency on October 26, 2006 was established to revitalize downtown, develop the North Nampa industrial area and improve commercial arterials. Anticipated projects include a central library, North Nampa industrial infrastructure, a central police station, Nampa Caldwell Boulevard improvements, Franklin Boulevard right of way improvements, and freeway interchange improvements. The Redevelopment Plan will be completed by December 31, 2030, at which time the Agency's assets will revert to City ownership. The Agency under governmental accounting principles is considered a blended component unit of the City of Nampa.

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

The accounting and reporting policies of the Agency relating to the funds included in the accompanying basic financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable).

#### Financial Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, The Financial Reporting Entity as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, the Agency is included as a blended component unit in the City of Nampa, Idaho's financial statements. Blended component units, although legally separate entities, are, in substance part of the government's operations. The Agency provides urban renewal services to the City and its citizens. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Nampa, Idaho in conformity with generally accepted accounting principles.

## NAMPA DEVELOPMENT CORPORATION

### NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2009

#### Government-wide and Fund Financial Statements

*The government-wide financial statements* (the statement of net assets and the statement of activities) display information about the Agency as a whole. These statements include all financial activities of the Agency. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line item. Program revenues include 1) fees and charges paid by customers and other recipients of goods or services offered by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the Agency's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Agency has no non-major funds.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency

NAMPA DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

Property taxes are available if they are collected within 30 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund accounts. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

The Agency reports deferred revenue on its governmental fund financial statements. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when revenues are received by the Agency before it has legal claim to them, as when event revenues are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the Agency has a legal claim to the revenues, the revenue is recognized.

Accounting

The Agency reports the following major governmental funds:

**General Fund** - the Agency's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Property Taxes

In accordance with Idaho law, property taxes are levied in dollars in September for each calendar year. Levies are made on or before the second Monday of September. One-half of the property taxes are due on or before the 20th of December. The remaining one-half is due before June 20th of the following year. A lien is filed on property three years from the date of delinquency.

The Agency has no direct taxing power. The amount of revenue received from property taxes is determined by the amount of taxable property value and by the aggregate tax rate that the entities within the Revenue Allocation Area set. The Agency receives the taxes levied on the increased valuation of property in the Revenue Allocation Area since January 1, 1995. There is a legal obligation to rebate back to the Vallivue School District a portion of the revenue on a semi-annual basis.

Assets

Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets and are not reported in the fund financial statements.

NAMPA DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

All capital assets are capitalized at cost (or estimated historical cost) if purchased or constructed. Assets with an individual cost of more than \$5,000 for equipment and \$25,000 for buildings and improvements are capitalized. Donated fixed assets are recorded at their estimated fair value at the date of donation. Depreciation is provided on the straight-line basis over their estimated lives. Interest incurred during construction is not capitalized on general fixed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental fund types.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenditures and expenses during the reported period. The actual results could differ from those estimates.

2. CASH & INVESTMENTS

**Cash:** At September 30, 2009 the carrying amount of the Nampa Development Corporation's deposits was \$802,065.

At September 30, 2009 cash consisted of:

Deposits with financial institutions	<u>\$ 802,065</u>
Total	<u><u>\$ 802,065</u></u>

**Investments:** At September 30, 2009 the Nampa Development Corporation does not have any investments.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Agency does not have a policy addressing interest rate risk.

NAMPA DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Agency does not have a policy addressing credit risk.

*Concentration of Credit Risk*

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principal that governments should provide note disclosure when five percent of the entity's total investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Agency does not have a policy addressing the limitations on the amount that can be invested in any one issuer.

*Custodial Credit Risk*

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Agency does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

The non-interest bearing checking account balance at September 30, 2009, was \$550,064. As the account does not bear interest and is held by a qualified bank, all \$550,064 is covered by FDIC insurance. In addition, a Money Market account of \$252,000 was held at year end. \$250,000 is covered by FDIC insurance and \$2,000 is uninsured.

NAMPA DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

3. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,529,905	\$ 1,048,184	\$ -	\$ 4,578,089
Construction in progress	459,938	801,470	-	1,261,408
Total capital assets, not being depreciated	3,989,843	1,849,654	-	5,839,497
Governmental activities capital assets, net	\$ 3,989,843	\$ 1,849,654	\$ -	\$ 5,839,497

4. DEFERRED REVENUES

Deferred revenues at September 30, 2009 are summarized as follows:

Property Taxes	<u>Unavailable</u>	<u>Unearned</u>
	\$ 254,239	\$ 2,886,082

Property taxes not collected within 30 days of year end are not considered "available" and recognition of revenue is deferred. The unearned property taxes receivable above have been reduced by the rebate due to School District #139.

5. CHANGES IN LONG-TERM LIABILITIES

Long-term debt outstanding as of September 30, 2009 consisted of the following:

Note Payable

\$3,885,969 Note Payable due to the City of Nampa for land purchases. Due in annual installments of \$200,000 to \$750,000 through 2015; interest at 2.5%.

NAMPA DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

The following is a summary of long-term liability activity of the Agency for the fiscal year ended September 30, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note Payable - City of Nampa	\$ 3,511,369	\$ 374,600	\$ (193,959)	\$ 3,692,010	\$ 200,000

The annual debt service requirements to maturity are as follows:

Year Ending September 30	Governmental Activities	
	Principal	Interest
2010	\$ 200,000	\$ 92,300
2011	750,000	87,300
2012	750,000	68,550
2013	750,000	49,800
2014	750,000	31,050
2015	492,010	12,300
	<u>\$ 3,692,010</u>	<u>\$ 341,300</u>

6. COMMITMENTS

The Agency had outstanding or planned construction projects as of September 30, 2009. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Spent to Date</u>	<u>Commitment Remaining</u>
Public Safety Building -Design	\$ 1,070,311	\$ 504,689
Total	<u>\$ 1,070,311</u>	<u>\$ 504,689</u>

NAMPA DEVELOPMENT CORPORATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>BUDGETED AMOUNTS</u>		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property taxes	\$ 2,730,477	\$ 2,730,477	\$ 2,524,971	\$ (205,506)
Rents and charges for services			28,428	28,428
Interest			2,000	2,000
Total revenues	<u>2,730,477</u>	<u>2,730,477</u>	<u>2,555,399</u>	<u>(175,078)</u>
<b>EXPENDITURES</b>				
Current:				
Urban Renewal	1,174,427	1,174,427	556,544	617,883
Capital outlay	2,860,921	2,860,921	1,849,654	1,011,267
Debt service:				
Principal			193,959	(193,959)
Interest			103,190	(103,190)
Total expenditures	<u>4,035,348</u>	<u>4,035,348</u>	<u>2,703,347</u>	<u>1,332,001</u>
Excess (deficiency) of revenues over expenditures	(1,304,871)	(1,304,871)	(147,948)	1,156,923
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from note payable	700,000	700,000	374,600	(325,400)
Net change in fund balance	(604,871)	(604,871)	226,652	831,523
Fund balance at October 1	817,432	817,432	(174,859)	(992,291)
Fund balance at September 30	<u>\$ 212,561</u>	<u>\$ 212,561</u>	<u>\$ 51,793</u>	<u>\$ (160,768)</u>



## NAMPA DEVELOPMENT CORPORATION

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SEPTEMBER 30, 2009

#### LEGAL COMPLIANCE - BUDGET

The Nampa Development Corporation follows these procedures in establishing the budgetary data reflected in the financial statements:

1. An Agency shall, by September 1 of each calendar year, adopt and publish, as described in Section 50-1002, Idaho Code, a budget for the next fiscal year. The Agency prepares a budget by estimating the probable amount of money necessary for all purposes for which an appropriation is to be made, including interest and principal due on the bonded debt, itemizing and classifying the proposed expenditures by department, fund, or service, as nearly as may be practicable, and specifying any fund balance accumulated under Section 50-1005A, Idaho Code. To support such proposed expenditures, the Agency shall prepare an estimate of the total revenue anticipated during the ensuing fiscal year for which a budget is being prepared, classifying such receipts by source as nearly as may be possible and practicable.
2. The proposed budget is published in the local newspaper.
3. A public hearing is conducted to obtain citizen comments.
4. The budget is formally adopted through approval by the Board of Commissioners and published in the local newspaper.
5. The Agency may amend its adopted budget using the same procedures as used for the adoption of the budget. The original budget was not amended for the fiscal year ended September 30, 2009.
6. Management has the authority to amend budgets within individual funds without seeking approval of the governing body. The detail at which appropriations are legally adopted extends to the fund level.
7. Budgets for funds are adopted on a basis consistent with GAAP. The level of control (level at which expenditures may not exceed budget) is the fund.



CPAs & BUSINESS ADVISORS

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

and Members of the Board of Directors  
Development Corporation, a blended component  
of the City of Nampa, Idaho

We audited the accompanying financial statements of the governmental activities of Nampa Development Corporation, a blended component unit of the City of Nampa, Idaho, as of and for the year ended September 30, 2009, which collectively comprise Nampa Development Corporation's basic financial statements and have issued our audit report dated March 01, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In conducting and performing our audit, we considered Nampa Development Corporation'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 Nampa Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Nampa Development Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Nampa Development Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a material misstatement of the Nampa Development Corporation's financial statements that is more than inconsequential could have occurred or detected by the Nampa Development Corporation's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies 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 Nampa Development Corporation'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 City Council, the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Boise, Idaho  
March 01, 2010