

PDA Urban Renewal



Allstate
You're in good hands.

VIRGINIA TRANSFORMER CORP
An Engineering Company
Manufacturing Transformers
Since 1971



The Commitment Company



2015 Annual Report



BOARD OF DIRECTORS

Michael Orr (Chair)
City Council

Russ Meyers (Vice-Chair)
Communications

Brian Blad
Mayor

Cynthia Hill
ISU economics

Howard Manwaring
County Commissioner

Larry Fisher
Lodging, Development

Chad Carr
Utilities

Scott Smith
Attorney, Legal

Thomas Ottaway
ISU College of Business

Ryan Ward (former)
Banking

Darlene Gerry (former)
*Retired, Business &
Economics*

Linda Tigert (former)
County Representative

Caroline Wight (former)
Education, Business Owner

Profile of the Pocatello Development Authority

The Pocatello Development Authority was created by the City of Pocatello in 1988 pursuant to resolution 1988-13 in accordance with the Urban Renewal law of 1965 and the Local Economic Development Act. The Authority is an independent public body corporate and politic, entirely separate and distinct from the City of Pocatello.

The purpose of the Pocatello Development Authority is to undertake urban renewal projects in areas designated by the City of Pocatello to be deteriorating and to implement the rehabilitation, conservation, redevelopment, or a combination thereof of such area, or areas, in the interest of the public health, safety, morals or welfare of the residents of the City of Pocatello. The Authority is to afford maximum opportunity, consistent with the needs of the City of Pocatello as a whole, to the rehabilitation or redevelopment of the urban renewal areas by private enterprise.

The Board of Commissioners of the Pocatello Development Authority consists of nine members. Membership is constituted as follows: The Chairman of the Pocatello City Council; one member of the Board of County Commissioners (or their designee); the Mayor of the City of Pocatello; one member with financial expertise such as accounting, banking or lending-institution experience; one member from the education community, and four other members from the citizenry at large. Each commissioner shall serve a four (4) year term. Commissioners may serve up to two (2) consecutive terms or eight (8) years. Terms are staggered in such a fashion that no more than two expire in any given year.

The Board of Commissioners elects the Chairman, and the Vice-Chairman from the ranks of the commission for a term of one year. The Secretary and Treasurer are appointed positions. Elections are at the regular meeting in October.

The Chairman of the Board is chief presiding officer of the Pocatello Development Authority. The Chairman executes all deeds, bonds, contracts and other legal documents authorized by the Board. Some of the Chairman's duties may be delegated by the Board to the Executive Director of the Authority.

"The Pocatello Development Authority was created by the City of Pocatello, a municipal corporation of Idaho, pursuant to resolution 1988-13 in accordance with the Urban Renewal law of 1965, and the Local Economic Development Act. The Pocatello Development Authority shall act as an arm of state government, entirely separate and distinct from the City of Pocatello, as provided in Idaho Code Section 50-2006"



How does the PDA work?

The Pocatello Development Authority works with the City of Pocatello, the Bannock Development Corporation and the private sector to remedy blighted or deteriorating/deteriorated urban areas within the city in accordance with Idaho State Law. Pocatello Development Authority administers the funding mechanism for this process using Tax Increment Financing according to an urban renewal plan approved by the local legislative body.

The City of Pocatello (*as determined by the City Council*) is responsible for determining which areas of the City qualify under urban renewal law to be categorized as deteriorated or deteriorating and considered for an urban renewal area (*URA*). These areas typically lack adequate infrastructure which may include; water, sewer, power, roads or access. These improvements are in most cases too costly for a developer (*or the City*) to fund up-front and in many cases includes property outside of the primary developer's control.

Once an urban renewal area is established, the City recruits businesses or works through other recruiting efforts such as Bannock Development Corporation to attract businesses to these areas. Businesses that are interested in moving are looking for a site that makes business sense and, in some instances, will consider moving if there is financial aid for infrastructure development or other construction costs such as demolition. This is where the PDA steps in again, through the use of Tax Increment Financing (*TIF*).

Tax increment financing is a mechanism that allows for funding of urban renewal projects according to an adopted urban renewal plan. When the City establishes a TIF district the value of the property in the district is frozen (*its current valuation is determined*). The property taxes collected on the frozen or base value continue to be distributed to the various taxing entities providing services to that property, (*i.e. Bannock County, School District 25, and City of Pocatello*), but the property taxes paid on the increased valuation goes to the Pocatello Development Authority (*property values typically increase due to new development based on added value*). The PDA can issue bonded debt, based upon expected valuation increases, to provide funding for infrastructure or site development necessary for the business to build in the district. Approximately two (*2*) years after the business has moved in, the property taxes begin to be collected only on the increased valuation and it is allocated to the Authority to pay any debt. If the debt is paid prior to the maximum 20 year period the district may be closed "early" and the added increment is returned to the various taxing districts.

More recently the Authority and businesses have been working hand in hand to accomplish infrastructure and site development without bonded debt. Businesses moving into a URA have been able to provide funding for improvements up front with security from the TIF. Afterward, the Authority repays the businesses their infrastructure development costs by refunding increased incremental tax within the TIF (*taxes paid by the businesses returning to the businesses for what is quite often public infrastructure*).

PDA Administers Urban Renewal Areas

- PDA Recommends District establishment after finding of need by city Planning & Zoning Commission and City Council
- Recommends District Plan
- Proposes use of tax funds, as limited by state law and as may be further limited by the plan
- City Council approves via ordinance
- PDA executes the plan (includes negotiation of development agreements)
- PDA can issue bonded debt to provide funding for infrastructure, or reimburse qualifying debt over time incurred by development, by increased tax revenue through increased property valuation.



What is a Redevelopment Agency?

- A Redevelopment Agency is an Independent Authority Established by the Local Elected Officials
- Established by the City to implement “urban renewal”
- Urban Renewal Law supports local economic development
- Successful and most significant and flexible economic development tool in Idaho to attract or provide assistance to potential new business/jobs by assisting with infrastructure, property acquisition, or clean up/removal of deteriorated land/buildings
- Uses incremental tax dollars from new development to benefit that new development/ Urban Renewal Area and/or foster yet more new development

Urban Renewal Investment in Pocatello since 2010?

Added Valuation to Tax Base in **Pocatello** since 2010 from Closed TIF/URA Districts: **\$84,000,000**

Additional Valuation in **Pocatello** being created by current TIF/URA Districts: **\$84,500,000**

Known future projected Private Investment in **Pocatello** because of TIF/URA Districts: **\$540,000,000**

Jobs Created in **Pocatello** in the Last 5 Years because of TIF/URA Districts: **1,850**

Private Investment in **Pocatello** Demanding Option to Use Future TIF/URA: **\$250,000,000**

Jobs to be Created in **Pocatello** Demanding Option to Use Future TIF/URA: **2,000**

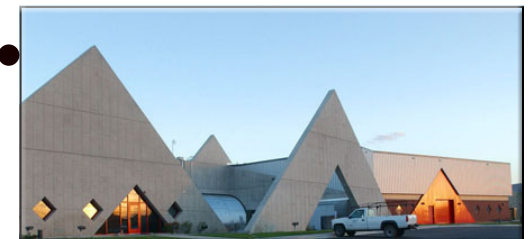
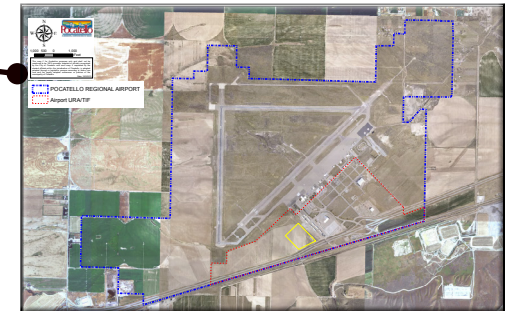
What has urban renewal done for the State of Idaho?

2012 “Sampling” Study by Redevelopment Association of Idaho:

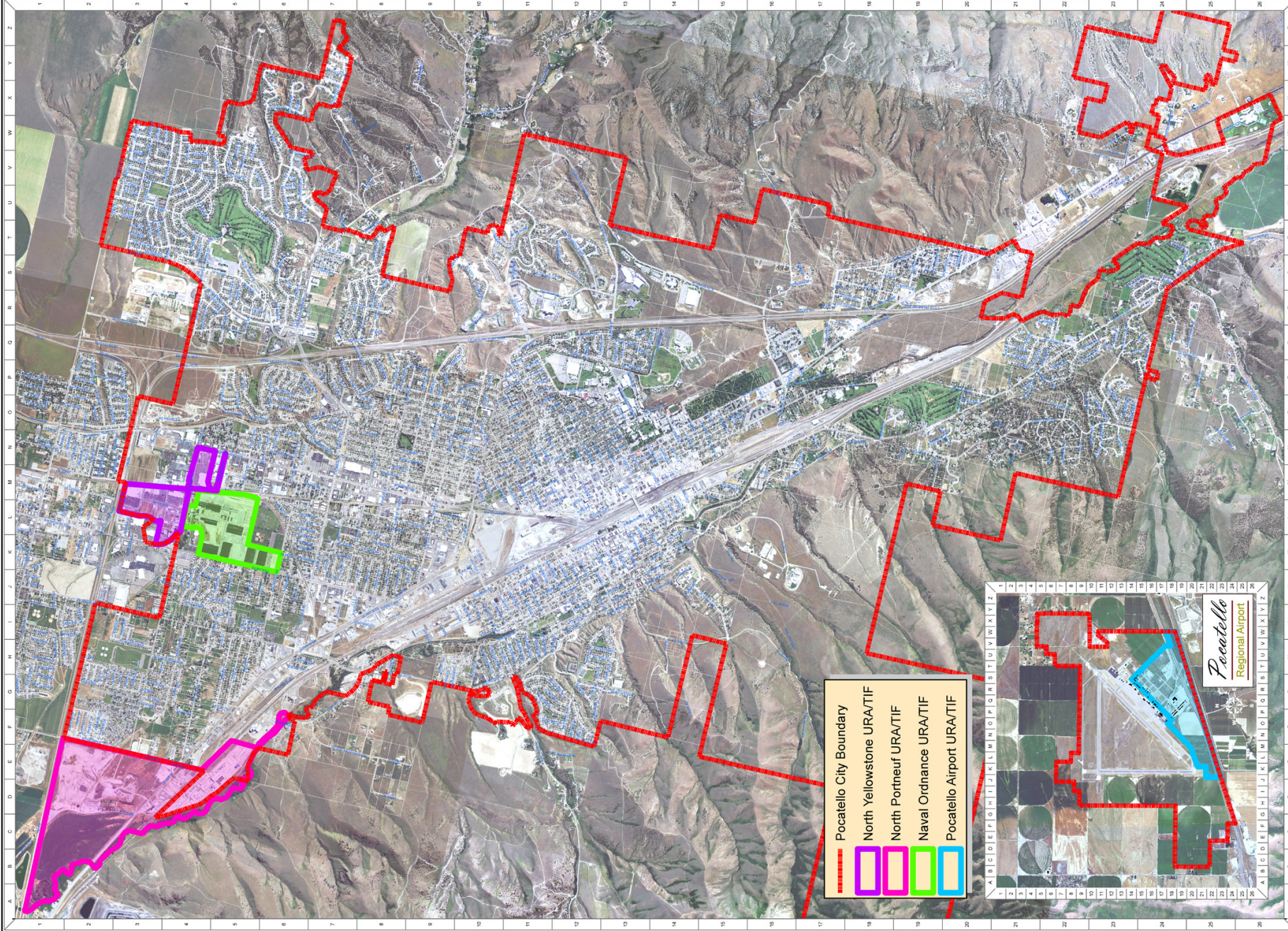
- **Nearly 11,000 New or Retained Jobs**
- **Over \$650 million in Private Investment**
- **Leveraging \$97 million in redevelopment dollars**
- **With about \$49 million is in redevelopment indebtedness**

Achievements 2015

- PDA agreed to pay \$342,255 for rail and pavement upgrades at the Naval Ordnance Plant to attract new and retain existing business.
- PDA pre-funded the demolition of the remaining aged structures at the Alameda Plaza development at the price of \$250,000.
- PDA/Airport TIF funded over \$25,000 toward engineering required to meet FAA environmental and other requirements at the Pocatello Regional Airport.
- PDA paid \$3,250 (50%) with BDC toward Site Readiness Evaluation Program through Idaho Power and Idaho Department of Commerce.
- PDA completed negotiation with City of Pocatello for the conveyance of Hoku property for the purpose of selling property to bring jobs and investment to Pocatello.
- PDA has collected through deed of foreclosure property to lease at the Idaho Accelerator Center due to unpaid debt by contract.
- PDA has supported the Redevelopment Association of Idaho in legislative efforts to save/enhance urban renewal laws for Idaho



POCATELLO URBAN RENEWAL AND TIF DISTRICTS



Urban Renewal Areas in Pocatello

HOTEL YELLOWSTONE



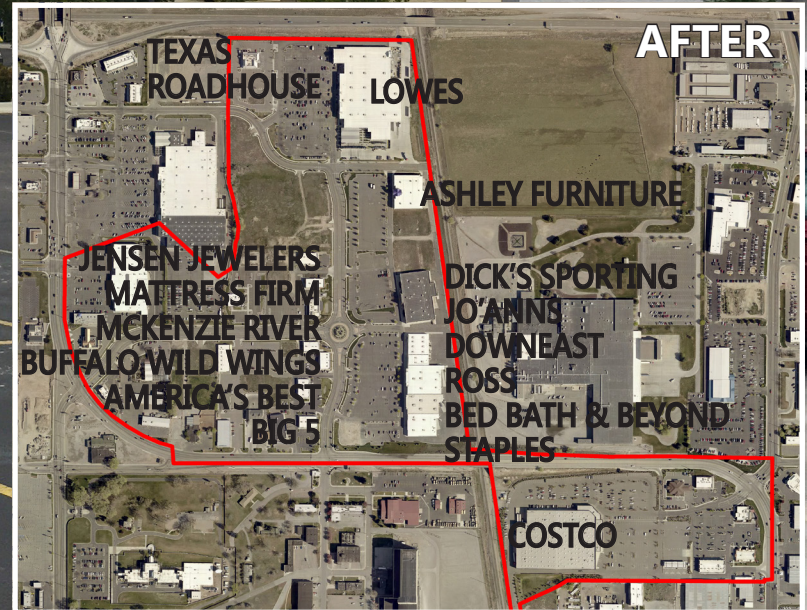
2 HOUR PARKING
NO PARKING 2AM-6AM

D&S
AUTOMOTIVE SERVICE

FINANCING AVAILABLE NO CREDIT CHECK LOW 1 TIME INTEREST FEE OF 8.9% PER 18 MONTH

North Yellowstone

North Yellowstone URA



North Yellowstone URA

- **Established:** 2004
- **Expires:** 2028
- **2014 Increment:** \$1,285,373
- **Present Balance:** \$2,043,283
- **Added Value:** **\$62,167,398**
- **Bonded Debt:** Hurley Drive project
 - Borrowed \$7,755,000 in Dec 2004
 - Funded \$6,000,000 construction
 - Rest was debt service reserve, initial 3 years of interest
 - Debt was refinanced through Zions Bank in 2012; reduced rate saving district \$1.8 million interest and 3-4 years in life of TIF term
- **Non-Bonded Debt:** Annual employment incentive payment to Costco of \$122,000 for 10 years.
- **IMPROVEMENTS:** \$9.3 million in new infrastructure, \$7,150,000 in bonds to pay for PUBLIC infrastructure; roads, curb & gutter, sidewalks, sanitary sewer, water, storm water, roads, lighting, up-grades on 3 traffic signals, up-grades on utilities (gas, power, communications).
- Named "Best Planning Project" in the State, 2005

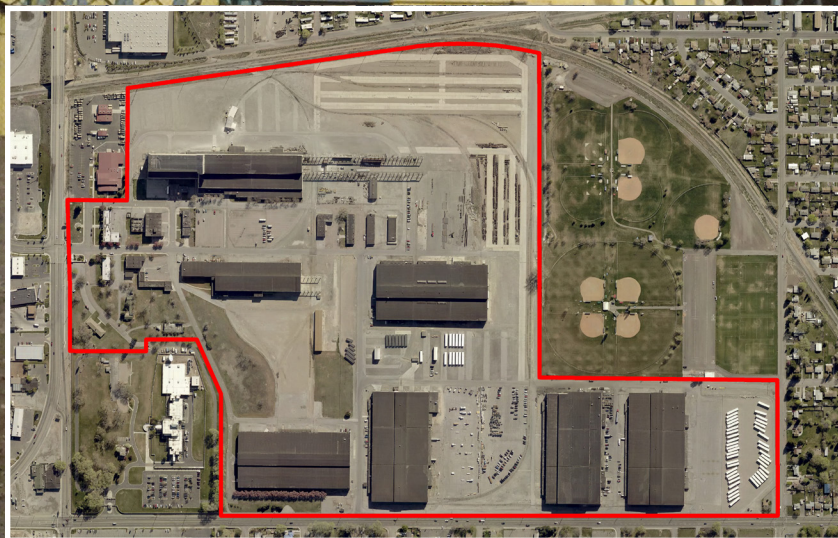
Major Companies in North Yellowstone District:

- Costco
- Lowes
- Dick's Sporting Goods
- Ross Dress for Less
- Staples
- Ashley Furniture
- Bed, Bath & Beyond
- Downeast Clothing
- Jo-Ann's
- Texas Roadhouse
- Buffalo Wild Wings
- McKenzie River Pizza & Pub
- Jensen Jewelers
- Mattress Firm
- AT&T
- DL Evans Bank
- Americas Best Contacts & Eyeglasses
- Big 5 Sporting Goods
- Pizza Pie Cafe



Naval Ordnance

Naval Ordnance Plant URA



Naval Ordnance Plant URA

- Established: 2006
- Expires: 2026
- 2014 Increment: \$212,514
- Present Balance: \$205,991
- Added Value: **\$10,278,323**
- Bonded Debt: None
- Non-bonded Debt: \$750,000 paid from General Fund to make RDA payment for employment incentive to keep Petersen Inc in Pocatello (versus Ogden, Utah).
- IMPROVEMENTS: Sewer pump station, monitoring station, building upgrades. to retain manufacturing
- SME Steel: SME returned to Pocatello in 2015 adding more jobs and investment to Pocatello
- ATCO; addition of this family owned company to Pocatello and the NOP district has been significantly positive adding over 100 jobs to Pocatello

Major Companies in Naval Ordnance District:

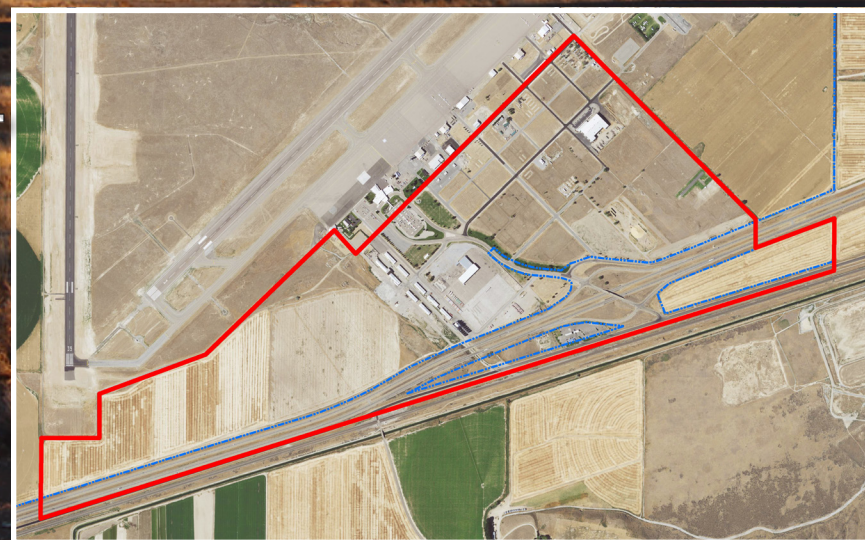


- SME Steel
- Virginia Transformer
- Eaton Metals
- ATCO Structures & Logistics
- Western Industrial



Petersen Inc.

Pocatello Airport URA



Pocatello Airport URA

- Established: 2010
- Expires: 2033
- 2014 Increment: \$109,385
- Present Balance: \$232,649
- Added Value: **\$5,290,445**
- Bonded Debt: None
- Non-bonded Debt: None
- IMPROVEMENTS: Up-grades to culinary and fire flow water, sewer, road, storm water, upgrades on public non-city utilities (gas, power, and communications).
- Petersen Inc. grand opening Oct 2011
- The PDA hopes there will be sufficient development to pay for a rail extension with spurs, a transload station, a substation to substantially increase power capacity, and upgrades to water, sewer and road capacity to meet current industrial and manufacturing demands.

- Rail Spur: \$1,500,000
- Power: \$5,000,000
- Water: \$2,500,000
- Sewer: \$500,000
- Road: \$2,000,000
- Transload Station: \$1,500,000

Major Companies in Pocatello Airport District:

- Petersen Incorporated
- Accelerator Center

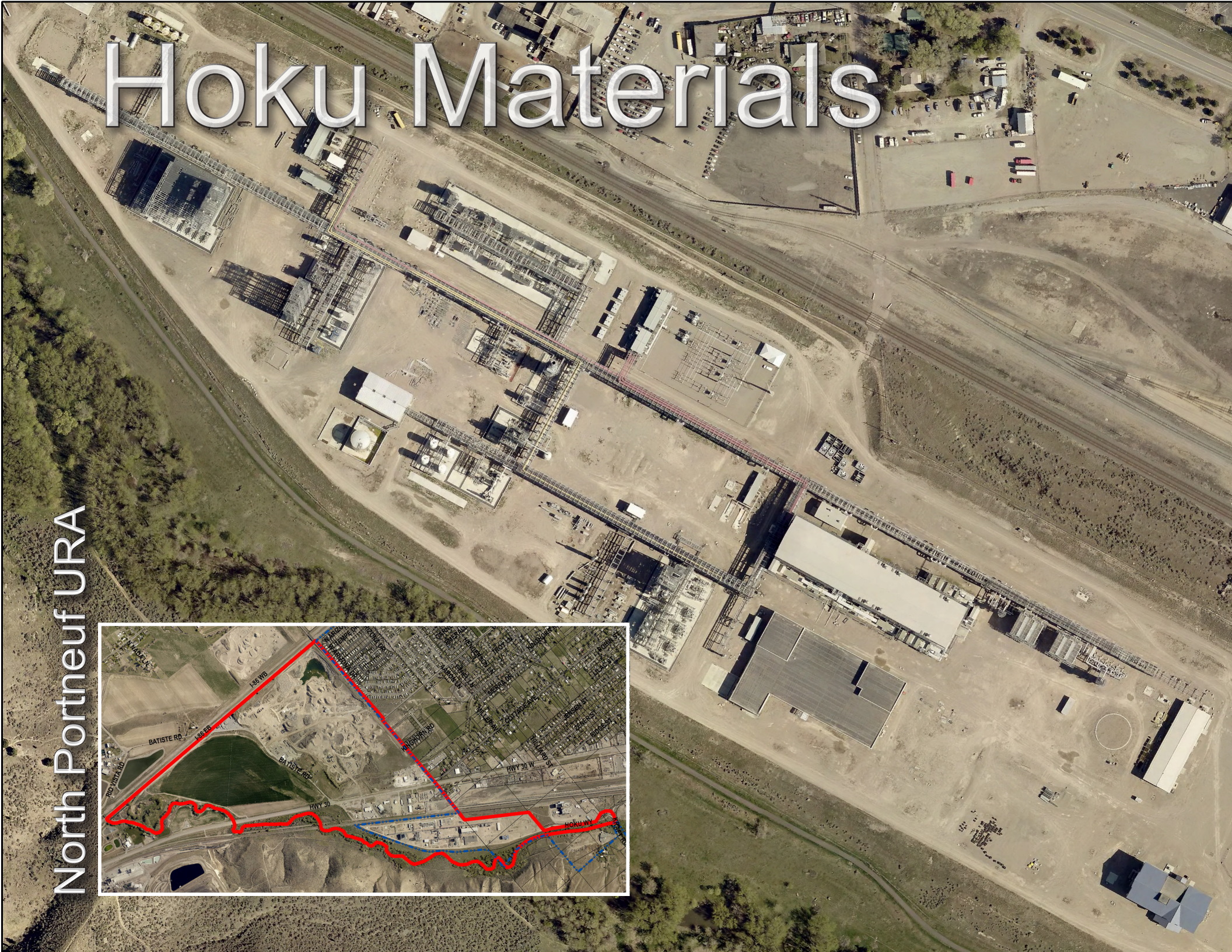
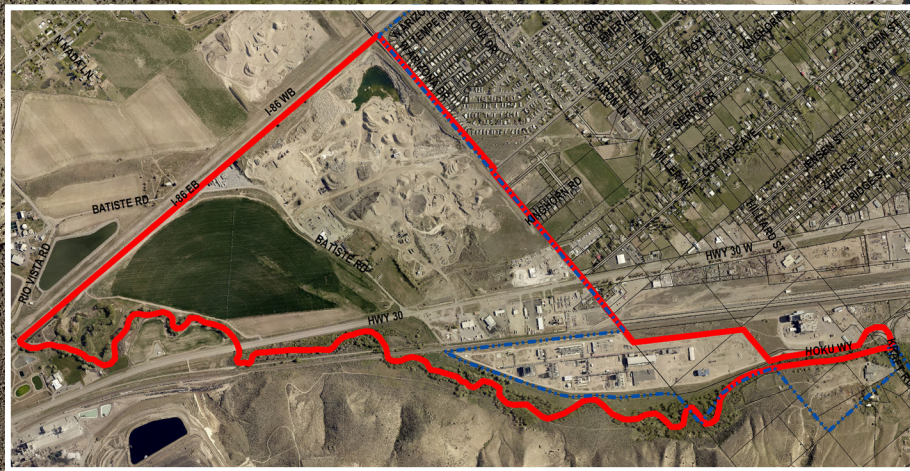


- AV Center
- McNabb Grain & Trucking
- Utah Helicopter
- BLM
- NFS



Hoku Materials

North Portneuf URA



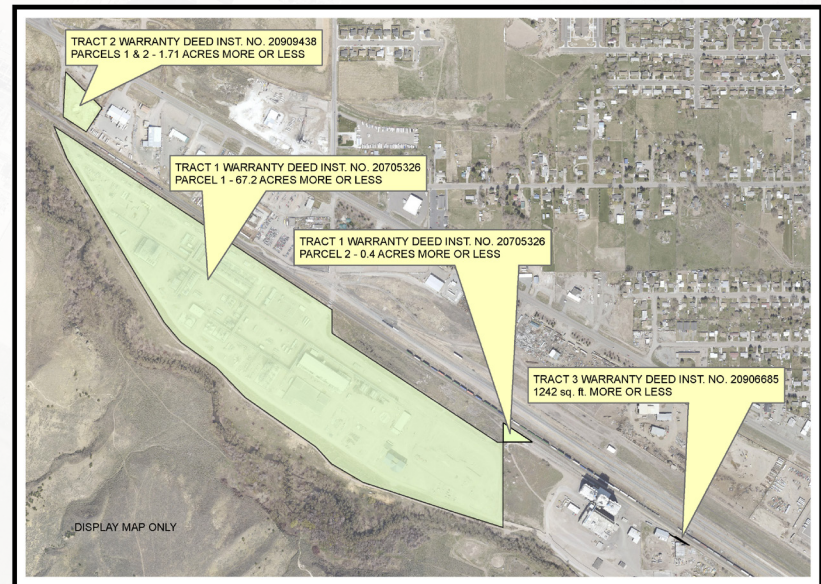
North Portneuf URA

- Established: 2007
- Expires: 2024
- 2014 Increment: \$140,812
- Present Balance: \$152,603
- Added Value: **\$6,810,416**
- Bonded Debt: None
- Non-bonded Debt: reimburse City of Pocatello for property purchased for this development; \$1,000,000 in exchange for property deeds.
- Private Investment: \$450,000,000
- IMPROVEMENTS: \$1,000,000.00 by the City to purchase land within the district, relocation of water mainlines and up-grades to non-city utilities (rail, gas, power, and communications) and possible roadway work, depending on the outcome of existing roadway agreements in place.



Major Companies in North Portneuf District:

- Hoku Materials: declared bankruptcy in 2014
- PDA has successfully acquired property from City of Pocatello through conveyance per Idaho Code to market, sell/lease directly to industrial or manufacturing purposes to bring jobs and local investment



CITY OF POCATELLO
TRACT 1 WARRANTY DEED NO. 20705326, TRACT 2 WARRANTY DEED NO. 20909438, TRACT 3 WARRANTY DEED NO. 20906685

ON Semiconductor

PREVIOUSLY CLOSED
TIF DISTRICT EFFORTS

Central Corridor URA



Central Corridor URA

- **Established:** 2000
- **Closed:** 2010
- **Added Value:** **\$84,000,000**
- **2014 Increment:** \$0
- **Present Balance:** \$606,487

- This balance qualifies as administrative costs to the PDA under Idaho Code, however the PDA may choose to use this balance toward an economic development project according to the Central Corridor URA Plan or continued support for the South Valley Connector road project.

- **Bonded Debt:** None
- **Non-bonded Debt:** None
- **Private Investment:** unknown
 - ON Semiconductor alone has invested over \$35 million additional in the last 4 years into facility upgrades

- **IMPROVEMENTS:** curb, gutter, sidewalk, utilities, road, sewer, water, gas, parking, acquisition, lighting and electrical, curb, gutter, sidewalk, Lighting and streetscape, Whitman Hotel Rehabilitation to mixed use commercial/residential, façade, water, lighting, sewer, streetscape, parking, fiber-optic, demolition for Convergys, paid \$3.3 million in City match toward South Valley Connector public roadway.

Major Companies in Central Corridor District:



- ON Semi-conductor
- Idaho Accelerator
- Bannock Development Corp
- Ballard Research Building
- Idaho State University
- RISE research facility

Development of Alvin Ricken Road has been vital to the success of research and development and the collaboration and cooperation between Idaho State University and the City of Pocatello.



Downtown Pocatello

Central Corridor URA



Central Corridor URA

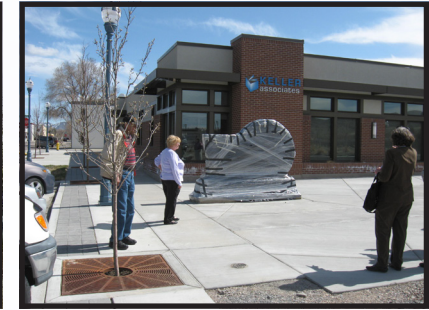
- **Established:** 2000
- **Closed:** 2010
- **Added Value:** **\$84,000,000**
- **2014 Increment:** \$0
- **Present Balance:** \$606,487

- This balance qualifies as administrative costs to the PDA under Idaho Code, however the PDA may choose to use this balance toward an economic development project according to the Central Corridor URA Plan or continued support for the South Valley Connector road project.

- **Bonded Debt:** None
- **Non-bonded Debt:** None
- **Private Investment:** unknown
 - ON Semiconductor alone has invested over \$35 million additional in the last 4 years into facility upgrades

- **IMPROVEMENTS:** curb, gutter, sidewalk, utilities, road, sewer, water, gas, parking, acquisition, lighting and electrical, curb, gutter, sidewalk, Lighting and streetscape, Whitman Hotel Rehabilitation to mixed use commercial/residential, façade, water, lighting, sewer, streetscape, parking, fiber-optic, demolition for Convergys, paid \$3.3 million in City match toward South Valley Connector public roadway.

Major Companies in Central Corridor District:



Above: The "volkswagon graveyard" as it was commonly referred to was redeveloped using TIF and CDBG funds. The resulting development includes an engineering firm, dentist, plans for mixed use housing.



Left: Development of Fred Meyer provided TIF funding necessary for new curb, gutter and sidewalk for the entire neighborhood east of the project

- All Retail on Main, Arthur and Portions of Yellowstone Ave, 1st - 5th Ave, such as:
 - Fred Meyer
 - the Whitman
 - Yellowstone Hotel
 - Keller Engineering
 - Old Town Pocatello



- the Warehouse District; Portneuf Brewery, The Bridge, Salvation Army, Food Bank, Idaho Power, the Museum of Clean



What has urban renewal done in Pocatello?

Activities of the Pocatello Development Authority since its inception:

1988 – Pocatello Development Authority incorporated.

The closure of the following districts returned in excess of **\$168,500,000.00** new property valuation to the tax rolls.

| | | | |
|------|--|--|--------------------|
| 1988 | Domsea District; | extended sewer and water to an existing building | closed 1999 |
| 1988 | Main & Bonneville District; | curb, gutter, sidewalk and streetscape | closed 1993 |
| 1989 | Gateway West; | sewer, water, equipment | closed 1999 |
| 1990 | Kress Building; | building rehabilitation | closed 2007 |
| 1997 | Varsity Square; | curb, gutter, sidewalks, streetscape | closed 2001 |
| 1997 | Roosevelt; | curb, gutter, sidewalks, traffic signal, Fred Meyer infrastructure reimbursement per agreement | closed 2006 |
| 2006 | East Center; | did not materializes | closed 2008 |

The following were all combined to become the **Central Corridor District** in 2000.

| | | | |
|------|----------------------|--|--------------------|
| 1991 | New Town; | curb, gutter, sidewalk, utilities | closed 2010 |
| 1996 | Alvin Ricken; | road, sewer, water, gas, parking, acquisition, lighting and electrical | |
| 1997 | Old Town; | curb, gutter, sidewalk, Lighting and streetscape, Whitman Hotel Rehabilitation to mixed use commercial/residential | |
| 1997 | North Main; | façade, water, lighting, sewer, streetscape, parking, fiber-optic, demolition for Convergys | |

The following districts continue to serve their purpose per adopted plans.

| | | |
|-------------|------------------------------|---|
| 2011 | Pocatello Airport; | repayment of \$750,000 employment incentive for Petersen Inc to RDA |
| 2012 | North Yellowstone; | refinanced \$7.2 million debt for road, curb, gutter, sewer, water, intersections. Refinance saved \$1.8 million in interest and 3-4 years on term life of TIF |
| 2013 - 2015 | Pocatello Airport; | funded/funding \$78,500 for engineering toward infrastructure and FAA release of land |
| 2014 | Central Corridor; | paid \$3.3 million toward City's match funding for South Valley Connector per plan |
| 2014 | North Portneuf; | early payment \$450,000 to City for purchase of HOKU property per defaulted agreement |
| 2015 | Naval Ordnance Plant; | installed/repared new railroad track and road \$342,000 |
| 2015 | General Fund; | funded \$250,000 toward demolition of blighted, asbestos filled commercial structure |
| 2015 | North Portneuf; | PDA agreed to additional payment \$300,000 to City for purchase of HOKU property per defaulted agreement (not required by agreement) with additional \$277,468.11 for total of \$1,027,468.11 over time, for property deeds; plan to market directly to industry |
| 2015 | Central Corridor; | acquired Positron real property by deed foreclosure per agreement; plan to market directly to industry |

Dispelling URA Myths

Myth: Urban Renewal Agencies are legislative or governing bodies not represented by the taxpayer

- **Fact:** Urban renewal agencies are appointed by locally elected officials and are “implementation” bodies whose duty is to administer the publicly approved Urban Renewal Area (URA) Plan and projects authorized and approved by locally elected officials within publicly approved Urban Renewal Areas through expenditure of tax increment funds. Decisions made by locally elected officials through public processes utilizing existing tools provided through state and local laws and policies represents democracy in its purest form.

Myth: An area must be “blighted” in order for it to be located within a URA

- **Fact:** The criteria is “deteriorated” or “deteriorating.” Idaho Code provides examples of conditions which meet these definitions and only require that “a majority” of the properties within the urban renewal area meet the defined standards.

Myth: Urban renewal agencies never put anything back on the tax rolls

- **Fact:** The Pocatello Development Authority has retired more TIF districts than any other agency in Idaho: DOMSEA, Gateway West, NewTown, Varsity Square, Kress Building, Roosevelt, East Center and Central Corridor have either been retired as scheduled by Council or retired early, increasing the local tax base. In 2010, the Pocatello Development Authority and City Council closed the Central Corridor TIF District, adding about \$84,000,000 to the local tax base and lowering Pocatello’s tax levy by approximately 3%.

Myth: Everyone has to pay taxes to support a Tax Increment Financing (TIF) District

- **Fact:** The only properties subject to a TIF District are properties located within that TIF district. Property is assessed based on actual property value by the County Assessor as typical. If property has increased in value then property taxes are increased accordingly and according to the law. Urban renewal provides an avenue by which infrastructure and development/redevelopment may occur and can be funded through the increase in property value based upon added value. Without added property value, the tax base and tax increment remain flat.

Positive economic development, new jobs and community growth in Idaho benefits everyone in Idaho; jobs elsewhere, decline in growth and decline in economic development hurts everyone in Idaho. Urban Renewal benefits Idaho.



INDEPENDENT AUDITOR'S REPORT

POCATELLO DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF THE CITY OF POCATELLO, IDAHO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015



To the Board of Commissioners
Pocatello Development Authority
Pocatello, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pocatello Development Authority, a component unit of the City of Pocatello, Idaho, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

**POCATELLO DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund information of the Pocatello Development Authority, as of September 30, 2015, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 - 12 and 25 - 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Authority's basic financial statements for the year ended September 30, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pocatello Development Authority's basic financial statements as a whole. The summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 14, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Pocatello Development Authority's internal control over financial reporting and compliance.



Pocatello, Idaho
January 14, 2016

| | Original Budget Amounts | Original and Final Budget Amounts | Actual Amounts | Variance |
|--|-------------------------------|--|---------------------|---------------------|
| REVENUES | | | | |
| GENERAL FUND | | | | |
| Interest | \$ 40 | \$ 40 | \$ 182 | \$ 142 |
| Miscellaneous | - | - | 400,099 | 400,099 |
| | <u>40</u> | <u>40</u> | <u>400,281</u> | <u>400,241</u> |
| SPECIAL REVENUES FUNDS | | | | |
| North Yellowstone | 1,229,540 | 1,229,540 | 1,312,880 | 83,340 |
| North Portneuf | 135,938 | 135,938 | 142,391 | 6,453 |
| Naval Ordnance Plant | 204,791 | 204,791 | 226,219 | 21,428 |
| Pocatello Regional Airport | 111,376 | 111,376 | 111,717 | 341 |
| Consolidated Corridor | 12,000 | 12,000 | 9,812 | (2,188) |
| Subtotal special revenue funds | <u>1,693,645</u> | <u>1,693,645</u> | <u>1,803,019</u> | <u>109,374</u> |
| Total revenue all funds | 1,693,685 | 1,693,685 | 2,203,300 | 509,615 |
| EXPENDITURES | | | | |
| GENERAL FUND | | | | |
| Administration | 4,950 | 4,950 | 6,510 | (1,560) |
| Professional services | 4,841 | 4,841 | 10,750 | (5,909) |
| Contingency | 2,000,000 | 2,000,000 | - | 2,000,000 |
| | <u>2,009,791</u> | <u>2,009,791</u> | <u>17,260</u> | <u>1,992,531</u> |
| SPECIAL REVENUES | | | | |
| North Yellowstone | 806,208 | 806,208 | 804,458 | 1,750 |
| North Portneuf | 128,000 | 128,000 | - | 128,000 |
| Naval Ordnance | 300,000 | 342,255 | 342,255 | - |
| Pocatello Regional Airport | 250,000 | 250,000 | 45,620 | 204,380 |
| Consolidated Corridor | 1,065,017 | 1,065,017 | 1,065,421 | (404) |
| Subtotal special revenue funds | <u>2,549,225</u> | <u>2,591,480</u> | <u>2,257,754</u> | <u>333,726</u> |
| Total expenditures all funds | 4,559,016 | 4,601,271 | 2,275,014 | 2,326,257 |
| EXCESS REVENUES OR (EXPENDITURES) | <u>(2,865,331)</u> | <u>(2,907,586)</u> | <u>(71,714)</u> | <u>2,835,872</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Note receivable collection (General) | - | - | 375 | 375 |
| Note receivable collection (Corridor) | - | - | 2,188 | 2,188 |
| Transfers in | 2,914,521 | 2,914,521 | 2,914,926 | 405 |
| Transfers out | <u>(2,914,926)</u> | <u>(2,914,926)</u> | <u>(2,914,926)</u> | <u>-</u> |
| Total other financing sources (uses) | - | - | 2,563 | 2,968 |
| CHANGE IN NET POSITION | <u>\$ (2,865,331)</u> | <u>\$ (2,907,586)</u> | <u>(69,151)</u> | <u>\$ 2,838,840</u> |
| BEGINNING NET POSITION | | | 6,213,283 | |
| ENDING NET POSITION | | | <u>\$ 6,144,132</u> | |

**POCATELLO DEVELOPMENT AUTHORITY
BALANCE SHEETS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
WITH COMPARATIVE TOTAL AT SEPTEMBER 30, 2014**

| | General Fund | Consolidated Corridor | North Yellowstone | Naval Ordinance Plant | North Portneuf | Airport | 2015 | 2014 |
|---------------------------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|---------------------|---------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 3,141,286 | \$ - | \$ 1,343,983 | \$ 205,992 | \$ 142,391 | \$ 232,650 | \$ 5,066,302 | \$ 5,533,035 |
| Cash with fiscal agent | - | - | 677,511 | - | - | - | 677,511 | 677,506 |
| Accrued interest | 14,007 | - | - | - | - | - | 14,007 | 10,982 |
| Prepaid expense | 1,122 | - | - | - | - | - | - | - |
| Property tax receivable | - | - | 16,368 | - | 11,666 | - | 28,034 | 32,038 |
| Notes receivable | 244,894 | - | - | - | - | - | 244,894 | 647,082 |
| Inventory - leasehold | 424,779 | - | - | - | - | - | 424,779 | - |
| | <u>\$ 3,826,088</u> | <u>\$ -</u> | <u>\$ 2,037,862</u> | <u>\$ 205,992</u> | <u>\$ 154,057</u> | <u>\$ 232,650</u> | <u>\$ 6,455,527</u> | <u>\$ 6,900,643</u> |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 24,779 | \$ - | \$ - | \$ - | \$ - | \$ 4,053 | \$ 24,779 | \$ - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unavailable interest revenues | 13,606 | - | - | - | - | - | 13,606 | 10,577 |
| Unavailable tax revenues | - | - | 13,894 | - | 11,666 | - | 25,560 | 29,701 |
| Unavailable notes receivable revenues | 244,519 | - | - | - | - | - | 244,519 | 647,082 |
| | <u>282,904</u> | <u>-</u> | <u>13,894</u> | <u>-</u> | <u>11,666</u> | <u>4,053</u> | <u>308,464</u> | <u>687,360</u> |
| FUND BALANCES | | | | | | | | |
| Nonspendable | 425,901 | - | - | - | - | - | 425,901 | - |
| Restricted | - | - | 677,511 | - | - | - | 677,511 | 677,506 |
| Committed | 250,000 | - | 1,346,457 | 205,992 | 142,391 | 228,597 | 2,173,437 | 5,290,915 |
| Unassigned | 2,867,283 | - | - | - | - | - | 2,867,283 | 244,862 |
| | <u>3,543,184</u> | <u>-</u> | <u>2,023,968</u> | <u>205,992</u> | <u>142,391</u> | <u>228,597</u> | <u>6,144,132</u> | <u>6,213,283</u> |
| | <u>\$ 3,826,088</u> | <u>\$ -</u> | <u>\$ 2,037,862</u> | <u>\$ 205,992</u> | <u>\$ 154,057</u> | <u>\$ 232,650</u> | | |

Amounts reported for governmental activities in the statements of net position are different because:

| | | |
|---|---------------------|--------------------|
| Certain receivables are not current resources and are reported as deferred revenues in the governmental funds. | 270,079 | 676,783 |
| Recognition of bad debt reserves and note receivable write off are not reported as all receivables are deferred. | - | (400,000) |
| Interest accrued on noted receivable not classified as current assets. | 13,606 | 10,577 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Long-term debt | (5,174,000) | (5,691,000) |
| Accrued interest on long-term debt | (24,576) | (27,032) |
| Total long-term liabilities adjustment | <u>(5,198,576)</u> | <u>(5,718,032)</u> |
| Net Position of Governmental Activities | <u>\$ 1,229,241</u> | <u>\$ 782,611</u> |

The accompanying notes are an integral part of these financial statements
Page 15

POCATELLO DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH COMPARATIVE TOTAL FOR YEAR ENDED SEPTEMBER 30, 2014

| | General Fund | Consolidated Corridor | North Yellowstone | Naval Ordnance Plant | North Portneuf | Airport | 2015 | 2014 |
|--|---------------------|-----------------------|---------------------|----------------------|-------------------|-------------------|------------------|------------------|
| REVENUES | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ 1,309,752 | \$ 218,557 | \$ 141,217 | \$ 110,648 | \$ 1,780,174 | \$ 1,698,963 |
| Interest | 182 | 9,812 | 3,128 | 7,662 | 1,174 | 35 | 21,993 | 18,374 |
| Miscellaneous revenue | 400,099 | - | - | - | - | 1,034 | 401,133 | 489,083 |
| | <u>400,281</u> | <u>9,812</u> | <u>1,312,880</u> | <u>226,219</u> | <u>142,391</u> | <u>111,717</u> | <u>2,203,300</u> | <u>2,206,420</u> |
| EXPENDITURES | | | | | | | | |
| Administration | 6,510 | - | - | - | - | - | 6,510 | 3,120 |
| Projects and grants | - | 1,065,421 | 122,015 | 342,255 | - | 9,315 | 1,539,006 | 2,427,015 |
| Professional services | 10,750 | - | 3,250 | - | - | 36,305 | 50,305 | 43,100 |
| Debt services: | | | | | | | | |
| Principal retirement | - | - | 517,000 | - | - | - | 517,000 | 504,000 |
| Interest | - | - | 162,193 | - | - | - | 162,193 | 176,557 |
| | <u>17,260</u> | <u>1,065,421</u> | <u>804,458</u> | <u>342,255</u> | <u>-</u> | <u>45,620</u> | <u>2,275,014</u> | <u>3,153,792</u> |
| EXCESS REVENUES OR (EXPENDITURES) | 383,021 | (1,055,609) | 508,422 | (116,036) | 142,391 | 66,097 | (71,714) | (947,372) |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | |
| Notes receivable collections | 375 | 2,188 | - | - | - | - | 2,563 | 2,081 |
| Transfers in | 2,914,926 | - | - | - | - | - | 2,914,926 | - |
| Transfers out | - | (1,915,017) | (889,214) | (96,015) | (14,680) | - | (2,914,926) | - |
| NET CHANGE IN FUND BALANCE | 3,298,322 | (2,968,438) | (380,792) | (212,051) | 127,711 | 66,097 | (69,151) | (945,291) |
| BEGINNING FUND BALANCE | 244,862 | 2,968,438 | 2,404,761 | 418,042 | 14,680 | 162,500 | | |
| ENDING FUND BALANCE | \$ 3,543,184 | \$ - | \$ 2,023,968 | \$ 205,992 | \$ 142,391 | \$ 228,597 | | |

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

| | | |
|---|-------------------|---------------------|
| Governmental funds only report taxes received within sixty days as current fund revenues. All taxes receivable are treated as revenues in the statement of activities. | (4,141) | (13,106) |
| Principal payments received on notes receivable are current fund sources in governmental funds, but are presented as reductions of notes receivable on the statements of net position | (2,563) | (2,081) |
| Interest on notes receivable not meeting the definition of current asset for modified accrual are recognized on the statements of net position | 3,029 | 2,814 |
| Accrued interest on long-term debt is not recognized in governmental funds. | 2,456 | 1,991 |
| Principal payments on notes payable are current fund expenditures in governmental funds, but are presented as reductions of long-term debt in the statements of net position | 517,000 | 504,000 |
| Deferred outflow of resources for refunding should be recognized as a component of interest over the life of the old debt | - | (391,238) |
| Change in Net Position of Governmental Activities | <u>\$ 446,630</u> | <u>\$ (842,911)</u> |

PDA Urban Renewal



Allstate
You're in good hands.

VIRGINIA TRANSFORMER CORP
An Engineering Company
Manufacturing Transformers
Since 1971



The Commitment Company



2015 Annual Report

