

POCATELLO DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2003

**POCATELLO DEVELOPMENT AUTHORITY
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**POCATELLO DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003 (PAGE 1 OF 5)**

This section of Pocatello Development Authority's annual financial report presents managements discussion and analysis of Pocatello Development Authority's financial performance during the fiscal year that ended December 31, 2003.

FINANCIAL HIGHLIGHTS

Over the course of the year's operations, Pocatello Development Authority's total net assets increased by \$1,483,216.

During the year, Pocatello Development Authority did not bond any new debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information that presents combining statements for the special revenue funds. The basic financial statements include two kinds of statements that present different views of Pocatello Development Authority.

The first two statements are government-wide financial statements that provide both long-term and short-term information about Pocatello Development Authority's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of Pocatello Development Authority's reporting operation in more detail than the government-wide statements. The governmental funds statements tell how general government services like special revenue projects were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide financial statements report information about Pocatello Development Authority as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report Pocatello Development Authority's net assets and how they have changed. Net assets, the difference between Pocatello Development Authority's assets and liabilities, is one way to measure Pocatello Development Authority's financial health or position.

**POCATELLO DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003 (PAGE 2 OF 5)**

Over time, increases or decreases in Pocatello Development Authority's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Pocatello Development Authority you need to consider additional nonfinancial factors such as changes in the tax increment financing districts and tax base.

The government-wide financial statements of Pocatello Development Authority consist only of Government activities. Property taxes and interest finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about Pocatello Development Authority's most significant funds. Funds are accounting devices that Pocatello Development Authority uses to keep track of specific sources of funding and spending for particular purposes.

Some funds are required by bond covenants.

Pocatello Development Authority establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes.

Currently, Pocatello Development Authority has only governmental funds.

Governmental funds - Most of Pocatello Development Authority's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance Pocatello Development Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide statements additional information is provided at the bottom of the governmental funds statement to explain the relationship (or differences) between them.

**POCATELLO DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003 (PAGE 3 OF 5)**

FINANCIAL ANALYSIS OF POCATELLO DEVELOPMENT AUTHORITY AS A WHOLE

Net assets Table A-1 summarizes net assets for the year.

Table A-1
Pocatello Development Authority's Net Assets
(In thousands of dollars)

	<u>Governmental Activities</u>
Cash	\$ 5,294
Other assets	<u>5,666</u>
Total assets	10,960
Long-term debt outstanding	6,431
Other liabilities	<u>3,017</u>
Total liabilities	<u>9,448</u>
Restricted net assets	1,051
Unrestricted (deficit) net assets	<u>461</u>
Total net assets	<u>\$ 1,512</u>

Net assets of Pocatello Development Authority's governmental activities increased \$1,483 million. Net assets are restricted for specific purposes.

**POCATELLO DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003 (PAGE 4 OF 5)**

Change in net assets - Pocatello Development Authority's total revenues decreased by \$364 thousand and expenses decreased by \$2,098 million. The majority of Pocatello Development Authority's revenue comes from property taxes. The majority of expenses were for projects. Table A-2 summarizes changes in net assets for the year.

Table A-2
Change in Net Assets
(In thousands of dollars)

Revenues	\$	3,267
Expenses		<u>1,784</u>
Change in net assets		1,483
Beginning net assets		<u>29</u>
Ending net assets	\$	<u><u>1,512</u></u>

Governmental Activities

Administrative expense totaled \$17,316 in the general fund or 5.3% of total revenues and \$5,806 in the special revenue funds or .2% of total revenues. Administrative expenses consist of the following:

General Fund

Management fees	\$	12,500
Audit		3,685
Commissioner meetings		1,053
Bank charges, supplies and other		<u>78</u>
Total Administrative	\$	<u><u>17,316</u></u>

Special Revenue Funds

Bank charges	\$	<u><u>5,806</u></u>
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**POCATELLO DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003 (PAGE 5 OF 5)**

FINANCIAL ANALYSIS OF POCATELLO DEVELOPMENT AUTHORITY'S FUNDS

Fund balances in Governmental Fund increased by \$.6 million. The increase was primarily due to delayed funding of projects.

Budgetary Highlights

Pocatello Development Authority did not revise its budget during the year.

Pocatello Development Authority's budget is prepared using the cash receipts and disbursements method for general checking account receipts and disbursement.

Budget variances related to receipts were primarily related to taxes received in excess of budgeted amounts and receipt of tax anticipation notes. Budget variances related to disbursements were primarily due to project expenses in excess of anticipated amounts. No board discretionary funds were received during the year.

Long-term Debt

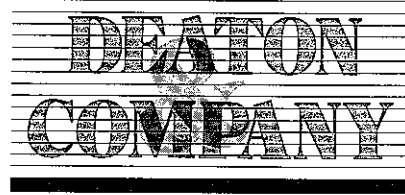
At year-end, Pocatello Development Authority had \$6.4 million in bonds outstanding, a decrease of \$889 thousand for the year. There was no new debt from issuing revenue bonds.

CONTRACTING THE POCATELLO DEVELOPMENT AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide users with a general overview of Pocatello Development Authority's finances and to demonstrate Pocatello Development Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pocatello Development Authority, 1651 Alvin Ricken Drive, Pocatello, Idaho 83201.

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Members of Idaho Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Pocatello Development Authority
Pocatello, Idaho

We have audited the accompanying basic financial statements of Pocatello Development Authority as of and for the year ended December 31, 2003, as listed in the table of contents. The basic financial statements are the responsibility of Pocatello Development Authority management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Pocatello Development Authority, as of December 31, 2003, and the results of its operation for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 21 and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pocatello Development Authority basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Deaton & Company".

Pocatello, Idaho
April 12, 2004

**POCATELLO DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 301,845
Cash with fiscal agent	4,992,528
Accrued interest	4,487
Property taxes receivable	3,596,314
Land	162,138
Notes receivable	<u>1,902,366</u>
	10,959,678
LIABILITIES	
Accrued interest payable	101,057
Deferred revenue	2,915,736
Long-term liabilities	
Due within one year	941,000
Due in more than one year	<u>5,490,000</u>
	<u>9,447,793</u>
NET ASSETS	
Restricted for debt service	1,050,987
Unrestricted (deficit)	<u>(460,898)</u>
	<u>\$ 1,511,885</u>

The accompanying notes are an integral part of these financial statements

**POCATELLO DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Total</u>	<u>Administration</u>	<u>Capital Projects</u>	<u>Debt Service</u>
EXPENSES				
Administration	\$ 13,631	\$ 13,631	\$ -	\$ -
Project payments	1,424,691	-	1,424,691	-
Professional services	9,491	9,491	-	-
Interest	<u>356,045</u>	<u>-</u>	<u>-</u>	<u>356,045</u>
	1,803,858	23,122	1,424,691	356,045
GENERAL REVENUES				
Property taxes	3,187,215			
Management fees	20,000			
Interest	<u>79,859</u>			
	<u>3,287,074</u>			
CHANGE IN NET ASSETS	1,483,216			
BEGINNING NET ASSETS	<u>28,669</u>			
ENDING NET ASSETS	<u>\$ 1,511,885</u>			

The accompanying notes are an integral part of these financial statements

**POCATELLO DEVELOPMENT AUTHORITY
FUND BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 162,536	\$ 139,309	\$ 301,845
Cash with fiscal agent	-	4,992,528	4,992,528
Accrued interest	-	4,487	4,487
Property taxes receivable	-	3,596,314	3,596,314
Land	-	162,138	162,138
Notes receivable	-	1,902,366	1,902,366
	<u>\$ 162,536</u>	<u>\$ 10,797,142</u>	<u>\$ 10,959,678</u>
LIABILITIES			
Accrued interest payable	-	101,057	101,057
Deferred revenue	-	2,915,736	2,915,736
	-	3,016,793	3,016,793
FUND BALANCES			
Reserved for:			
Debt services	-	1,050,987	1,050,987
Unreserved reported in:			
General fund	162,536	-	162,536
Special revenue	-	6,729,362	6,729,362
	<u>162,536</u>	<u>7,780,349</u>	<u>7,942,885</u>
	<u>\$ 162,536</u>	<u>\$ 10,797,142</u>	

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

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds

(6,431,000)

\$ 1,511,885

The accompanying notes are an integral part of these financial statements

**POCATELLO DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ -	\$ 3,187,215	\$ 3,187,215
Management fees	20,000	-	20,000
Interest	<u>10,095</u>	<u>69,764</u>	<u>79,859</u>
	30,095	3,256,979	3,287,074
EXPENDITURES			
Administration	13,631	-	13,631
Project payments	-	1,424,691	1,424,691
Professional services	3,685	5,806	9,491
Debt services:			
Principal retirement	-	889,000	889,000
Interest	<u>-</u>	<u>356,045</u>	<u>356,045</u>
	17,316	2,675,542	2,692,858
EXCESS REVENUES OR (EXPENDITURES)	<u>12,779</u>	<u>581,437</u>	<u>594,216</u>
CHANGE IN FUND BALANCES	12,779	581,437	594,216
BEGINNING FUND BALANCES	<u>149,757</u>	<u>7,198,912</u>	<u>7,348,669</u>
ENDING FUND BALANCES	<u>\$ 162,536</u>	<u>\$ 7,780,349</u>	<u>\$ 7,942,885</u>

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the Pocatello Development Authority (PDA) 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 established governmental accounting and financial reporting principles. The more significant Pocatello Development Authority accounting policies are described below.

A. Reporting Entity

The Idaho Urban Renewal Law of 1965 authorized the Mayor, with advice and consent of the City Council, to appoint a board of commissioners for an urban renewal agency to function within the municipality, provided that the Council has first passed a resolution finding that one or more such areas are necessary, and that there is a need for an urban renewal agency to function in the City.

Pocatello's urban renewal agency, Pocatello Development Authority, was found necessary by resolution in 1988 and the board members were appointed thereafter. Unlike other advisory boards to the City Council, state law declares this agency to be "an independent public body corporate and politic" and gives it a wide range of authority to effectuate urban renewal.

Under generally accepted accounting principles as adopted by the Governmental Accounting Standards Board, Pocatello Development Authority is included in the Annual Financial Statements of the City of Pocatello as a component unit.

B. Basis of Presentation - Fund Accounting

The accounts of Pocatello Development Authority are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to the funds based on the purpose of the specific fund activities in accordance with laws, regulations, or other restrictions.

Governmental Funds - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund - This fund accounts for resources devoted to financing the general services that PDA performs. Revenues used to finance the fundamental operation of PDA are included in this fund. The fund is charged with all costs of operating PDA for which a separate fund has not been established.

Special Revenue Funds - These funds account for the proceeds of specific revenue sources other than major capital projects that are legally restricted to expenditures for specified purposes. A special revenue fund is established for each special tax increment financing district.

Capital Project Funds - These funds account for the legally restricted and approved major capital projects. Revenue sources for these funds are generally either transfers of unrestricted funds from the special revenue funds or proceeds from bonded indebtedness.

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance is considered a measure of "available spendable resources". Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made regardless of the measurement focus applied.

Government-wide Financial Statements

Pocatello Development Authority presents its government wide financial statements using the requirements of GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Government-wide financial statements consist of a statement of net assets and a statement of activities using the economic resources measurement focus and the accrual basis of accounting.

Government Fund Financial Statements

Governmental funds are presented using the modified accrual basis of accounting. Under this 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 after to be used to pay liabilities of the current period.

PDA considers property taxes available for revenue recognition if they are collected within 60 days after yearend. All material revenue sources have been accrued.

PDA reports "deferred revenues" on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable and available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by PDA before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Annual budgets are adopted for the general, special revenue and debt service funds on the cash basis of accounting. Only amounts related to unrestricted cash receipts and disbursements (general cash amount) are budgeted.

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 1 - Summary of Significant Accounting Policies (continued)

F. Encumbrances

PDA does not use encumbrance accounting.

G. Cash and investments

Unrestricted cash balances from all funds are combined and invested in investments authorized under Idaho State Code. Earnings from these investments are credited to the general fund. Cash includes cash on hand, deposits and other investments which are immediately convertible to cash or have a maturity of less than 90 days.

PDA is authorized under State Code to invest in obligations of the U.S. Treasury, U.S. Government backed institutions, commercial paper, and repurchase agreements. PDA's policy is to restrict investment to highly liquid money market accounts.

H. Receivables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payable are classified as "due from other funds" or "due to other funds" on the balance sheet.

K. Long-Term Debt

Long-term debt is recognized as a liability in governmental funds when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as an expenditure in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 2 - Legal Compliance - Budgets

During the month of December, the Executive Director of PDA prepares an annual budget for the next calendar year. The budget is prepared on a district basis by gross revenues and expenses. The prepared budget is presented to the Commission of PDA at its January meeting for adoption.

Budgets may be amended for expenditures of unforeseen resources (other than property tax levies) by the same procedure used to adopt the original budget.

NOTE 3 - Cash and Cash Deposits

The PDA's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by PDA at yearend. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by its agent in PDA's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in PDA's name.
- Category 3 Uncollateralized.

Deposits, categorized by level of risk, are:

	<u>Balance</u>	<u>Category</u>			<u>Carrying Amount</u>
		<u>1</u>	<u>2</u>	<u>3</u>	
Pooled Deposits					
Pooled cash and cash equivalents	\$ 301,845	\$ 301,845	\$ -	\$ -	\$ 301,845
Non-pooled Deposits					
Non-pooled cash and cash equivalents:					
Primary Government					
Special revenue funds	<u>4,992,528</u>	<u>4,992,528</u>	<u>-</u>	<u>-</u>	<u>4,992,528</u>
Total deposits	<u>\$ 5,294,373</u>	<u>\$ 5,294,373</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,294,373</u>

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 4 - Receivables

Property Taxes

Property tax revenues are recognized and accrued when billed by Bannock County. PDA's property taxes, levied by the third Monday of September on a market value basis, are billed to the taxpayers in November. Half of the real, personal and mobile home property taxes are due on December 20 and the remainder is due the following June 20. Other property taxes are due December 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment roll as delinquent on the first day of January of the succeeding year. Property taxes are assessed and collected for PDA by Bannock County.

Property taxes receivable represent amounts levied in excess of collections for the year. A summary of property tax receivable by districts is as follows: (amounts expressed in thousands)

	<u>Total</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Beginning taxes receivable	\$ 4,185	\$ -	\$ 4,044	\$ 73	\$ 68
2003 tax levy	<u>2,796</u>	<u>2,796</u>	<u>-</u>	<u>-</u>	<u>-</u>
	6,981	2,796	4,044	73	68
Cash received in 2003	<u>(3,385)</u>	<u>-</u>	<u>(3,312)</u>	<u>(35)</u>	<u>(38)</u>
Ending taxes receivable	<u>\$ 3,596</u>	<u>\$ 2,796</u>	<u>\$ 732</u>	<u>\$ 38</u>	<u>\$ 30</u>
Recap by Fund:	<u>Total</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
North Main	\$ 130	\$ 104	\$ 25	\$ -	\$ -
Kress Building	7	6	1	-	-
Newtown	72	58	12	-	-
Roosevelt	524	449	69	-	7
Oldtown	345	239	64	22	20
Ricken Drive	2,047	1,595	452	-	-
Central Corridor	<u>471</u>	<u>345</u>	<u>109</u>	<u>16</u>	<u>3</u>
	<u>\$ 3,596</u>	<u>\$ 2,796</u>	<u>\$ 732</u>	<u>\$ 38</u>	<u>\$ 30</u>

Notes receivable:

The Central Corridor Fund has loaned \$1,200,000 to a local corporation. The terms of the agreement requires payment within eleven years from the date of the agreement at zero percent interest.

The Central Corridor Fund has loaned the City of Pocatello \$440,000, at zero percent interest.

The Central Corridor Fund has loaned \$65,363 to a local corporation, at zero percent interest. The terms of the agreement requires repayment either upon the sale of the first property within the business park or by March 15, 2007, whichever occurs first.

The Central Corridor Fund has loaned \$197,003 to a local corporation, at zero percent interest. The terms of the agreement requires repayment either upon the sale of the first property within the business park or by December 16, 2009, whichever occurs first.

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 5 - Long-Term Debt

PDA has issued bonds to provide funds for urban renewal for several Districts. Terms and maturities or notes are as follows: (amounts expressed in thousands)

<u>Year</u>	Oldtown 1997 - 5.15%		Alvin Ricken Dr 1996 - 7.25%		North Main District 1997 - 5.50%	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 60	\$ 12	\$ 300	\$ 2	\$ 36	\$ 9
2005	65	9	-	-	38	7
2006	70	5	-	-	40	5
2007	75	2	-	-	72	2
2008	-	-	-	-	-	-
	<u>\$ 270</u>	<u>\$ 28</u>	<u>\$ 300</u>	<u>\$ 2</u>	<u>\$ 186</u>	<u>\$ 23</u>

<u>Year</u>	Central Corridor 2001 - 4.75 to 5.15%	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 545	\$ 271
2005	570	244
2006	595	215
2007	595	186
2008	780	152
2009	820	111
2010	860	68
2011	910	22
2012	-	-
	<u>\$ 5,675</u>	<u>\$ 1,269</u>

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 5 - Long-Term Debt (continued)

Changes in Long-Term Liabilities

During the year, the following changes occurred related to bonds payable:

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/03</u>
Newtown Bond	\$ 95	\$ -	\$ 95	\$ -
Alvin Ricken Bond	580	-	280	300
Oldtown Bond	330	-	60	270
North Main Bond	220	-	34	186
Central Corridor Bond	<u>6,095</u>	<u>-</u>	<u>420</u>	<u>5,675</u>
	<u>\$ 7,320</u>	<u>\$ -</u>	<u>\$ 889</u>	<u>\$ 6,431</u>

NOTE 6 - Deferred Revenues

At yearend, deferred revenues consisted of the following: (amounts expressed in thousands)

North Main	\$ 110
Kress Building	5
Newtown	48
Oldtown	342
Roosevelt	312
Ricken Drive	<u>2,099</u>
	<u>\$ 2,916</u>

NOTE 7 - Expenditures Over Budget

Expenditures in excess of budget were as follows:

Roosevelt Fund	\$ 433,211
General Fund	<u>3,016</u>
	<u>\$ 436,227</u>

**POCATELLO DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 8 - Contingent Liabilities

The majority of the revenue collected by PDA is derived from tax increment financing. Tax increment financing is a method of segregating a portion of the property taxes paid on properties within the urban renewal district to fund the improvements for which the district was formed. This is accomplished by freezing the market value of property within the district.

A contingent liability exists when the market value increase in the district is not large enough to fund any debt incurred by the district to finance the improvements within the district.

**POCATELLO DEVELOPMENT AUTHORITY
BUDGET TO ACTUAL COMPARISON STATEMENT
FOR YEAR ENDED DECEMBER 31, 2003**

	Budget Amounts (Unrestricted)	Actual Amounts (Budgetary Basis See Note A)	Variance
BEGINNING UNRESTRICTED CASH	\$ 566,000	\$ 506,523	\$ (59,477)
REVENUES			
GENERAL FUND			
General funds	2,542	80,066	77,524
Interest	<u>14,500</u>	<u>30,095</u>	<u>15,595</u>
	17,042	110,161	93,119
SPECIAL REVENUES			
Kress Building	6,998	5,823	(1,175)
Newtown fund	69,820	57,491	(12,329)
Oldtown fund	275,825	263,317	(12,508)
Ricken Drive fund	2,565,101	2,113,213	(451,888)
North Main fund	151,320	128,807	(22,513)
Roosevelt District fund	505,559	437,186	(68,373)
Central Corridor	<u>558,903</u>	<u>404,801</u>	<u>(154,102)</u>
	4,150,568	3,520,799	(629,769)
EXPENDITURES			
GENERAL FUND	14,300	17,382	(3,082)
SPECIAL REVENUES			
Kress Building	10,896	5,852	5,044
Newtown fund	69,820	57,491	12,329
Oldtown fund	275,825	273,701	2,124
Ricken Drive fund	2,565,101	2,113,213	451,888
North Main fund	151,320	128,807	22,513
Roosevelt District fund	225,530	658,740	(433,210)
Central Corridor	<u>468,903</u>	<u>470,291</u>	<u>(1,388)</u>
	<u>3,781,695</u>	<u>3,725,477</u>	<u>56,218</u>
ENDING UNRESTRICTED CASH	<u>\$ 934,873</u>	<u>\$ 301,845</u>	<u>\$ (633,028)</u>

**POCATELLO DEVELOPMENT AUTHORITY, INC.
BUDGET TO ACTUAL COMPARISON STATEMENT
BUDGET TO GAAP RECONCILIATION
DECEMBER 31, 2003**

NOTE A - Explanation of difference between budget and GAAP

REVENUES

Amount of revenue from budget to actual comparison statement	\$ 3,520,799
Amounts reclassified from transfers to management fee revenues	20,000
Reimbursements from prior years not budgeted	(100,000)
Interest income received in accounts held with the fiscal agent not recorded as receipts in the general cash account and accrued interest income not accounted for in accrued interest receivable	69,698
Property tax accrued and/or deferred in the current and prior year recognized as revenue in the current year	<u>(223,423)</u>
Total revenue as reported on the statement of revenues, expenditures and change in fund balance - governmental funds	<u>\$ 3,287,074</u>

EXPENDITURES

Amount of expenditures from budget to actual comparison statement	\$ 3,725,477
Amounts reclassified from transfers to project expenses	20,000
Project expenses paid directly by fiscal agent not included in general fund cash account	(717,369)
Professional fees charged to special revenue fund cash with fiscal agent not recorded as disbursements in the general cash account	3,830
Debt principal and interest payments considered expenditures for GAAP purposes	<u>(339,080)</u>
Total expenditures as reported on the statement of revenues, expenditures and change in fund balance - governmental funds	<u>\$ 2,692,858</u>

**POCATELLO DEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31 2003**

	<u>Central Corridor</u>	<u>Kress Building</u>	<u>Newton</u>	<u>North Oldtown</u>	<u>Roosevelt Main</u>	<u>District</u>	<u>Total</u>
ASSETS							
Cash and cash equivalents	\$ 128,972	\$ -	\$ -	\$ 10,337	\$ -	\$ -	\$ 139,309
Cash with fiscal agent	4,896,218	-	-	58,738	37,572	-	4,992,528
Accrued interest	4,426	-	-	37	24	-	4,487
Property tax receivable	2,518,517	6,903	71,882	345,329	129,790	523,893	3,596,314
Note receivable	1,902,366	-	-	-	-	-	1,902,366
Land	162,138	-	-	-	-	-	162,138
	<u>\$ 9,612,637</u>	<u>\$ 6,903</u>	<u>\$ 71,882</u>	<u>\$414,441</u>	<u>\$167,386</u>	<u>\$ 523,893</u>	<u>\$ 10,797,142</u>
LIABILITIES							
Accrued interest payable	\$ 93,558	\$ -	\$ -	\$ 5,794	\$ 1,705	\$ -	\$ 101,057
Deferred revenue	<u>2,098,643</u>	<u>4,524</u>	<u>48,126</u>	<u>342,012</u>	<u>110,325</u>	<u>312,106</u>	<u>2,915,736</u>
	2,192,201	4,524	48,126	347,806	112,030	312,106	3,016,793
FUND BALANCES							
Reserve for:							
Debt service	954,677	-	-	58,738	37,572	-	1,050,987
Unreserved	<u>6,465,759</u>	<u>2,379</u>	<u>23,756</u>	<u>7,897</u>	<u>17,784</u>	<u>211,787</u>	<u>6,729,362</u>
Total fund balance	<u>7,420,436</u>	<u>2,379</u>	<u>23,756</u>	<u>66,635</u>	<u>55,356</u>	<u>211,787</u>	<u>7,780,349</u>
	<u>\$ 9,612,637</u>	<u>\$ 6,903</u>	<u>\$ 71,882</u>	<u>\$414,441</u>	<u>\$167,386</u>	<u>\$ 523,893</u>	<u>\$ 10,797,142</u>

**POCATELLO DEVELOPMENT AUTHORITY
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31 2003**

	<u>Central Corridor</u>	<u>Kress Building</u>	<u>Newton</u>	<u>Oldtown</u>	<u>North Main</u>	<u>Roosevelt District</u>	<u>Total</u>
REVENUES							
Property taxes	\$ 2,344,657	\$ 5,743	\$ 58,229	\$239,778	\$ 92,823	\$445,985	\$ 3,187,215
Interest and other	<u>68,657</u>	<u>-</u>	<u>199</u>	<u>554</u>	<u>354</u>	<u>-</u>	<u>69,764</u>
	2,413,314	5,743	58,428	240,332	93,177	445,985	3,256,979
EXPENDITURES							
Project payments	738,569	5,851	20,000	1,530	-	658,741	1,424,691
Professional services	5,806	-	-	-	-	-	5,806
Debt services							
Principal retirement	700,000	-	95,000	60,000	34,000	-	889,000
Interest	<u>328,850</u>	<u>-</u>	<u>2,178</u>	<u>14,163</u>	<u>10,854</u>	<u>-</u>	<u>356,045</u>
Total expenditures	<u>1,773,225</u>	<u>5,851</u>	<u>117,178</u>	<u>75,693</u>	<u>44,854</u>	<u>658,741</u>	<u>2,675,542</u>
Excess (deficiency) of revenues over expenditures	640,089	(108)	(58,750)	164,639	48,323	(212,756)	581,437
OTHER FINANCING SOURCES							
Transfers in (out)	<u>262,780</u>	<u>-</u>	<u>18,878</u>	<u>(197,498)</u>	<u>(84,070)</u>	<u>-</u>	<u>-</u>
	262,780	-	18,878	(197,498)	(84,070)	-	-
NET CHANGE IN FUND BALANCE	902,869	(108)	(39,962)	(32,859)	(35,747)	(212,756)	581,437
BEGINNING FUND BALANCE	<u>6,517,567</u>	<u>2,487</u>	<u>63,718</u>	<u>99,494</u>	<u>91,103</u>	<u>424,543</u>	<u>7,198,912</u>
FUND BALANCE	<u>\$ 7,420,436</u>	<u>\$ 2,379</u>	<u>\$ 23,756</u>	<u>\$ 66,635</u>	<u>\$ 55,356</u>	<u>\$211,787</u>	<u>\$ 7,780,349</u>

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(208) 232-5825

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Members of American Institute of Certified Public Accountants



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

To the Board of Commissioners
Pocatello Development Authority
Pocatello, Idaho

We have audited the financial statements of the Pocatello Development Authority, as of and for the year ended December 31, 2003 and have issued our report thereon dated April 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pocatello Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

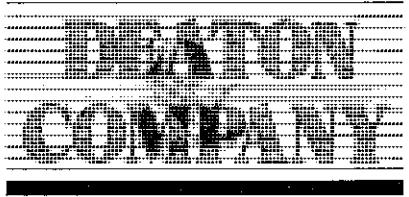
In planning and performing our audit, we considered the Pocatello Development Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, others within the organization, the City Council, and federal awarding agencies 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 "Deaton & Company".

Pocatello, Idaho
April 12, 2004

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May 19, 2004

To the Board of Commissioners
Pocatello Development Authority
Pocatello, Idaho

Enclosed you will find the audited financial statements and changes we discussed today.

Thank you for the opportunity to meet with you.

Sincerely,

DEATON & COMPANY, CHARTERED

A handwritten signature in cursive script that reads "Charles W. Clark".

Charles W. Clark, CPA

Enclosures