

**POCATELLO DEVELOPMENT AUTHORITY  
A COMPONENT UNIT OF THE CITY OF POCATELLO, IDAHO**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**DEATON  
COMPANY**

*Certified Public Accountants*

**POCATELLO DEVELOPMENT AUTHORITY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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**POCATELLO DEVELOPMENT AUTHORITY  
LIST OF OFFICIALS**

Scott J. Smith, Council Member, Chairman of the Board

Chad Carr, Vice Chairperson of the Board

Brian Blad, Mayor of Pocatello, Board member

Terrel Tovey, Bannock County Commissioner, Board member

Robert Lion, Board member

Thomas Ottaway, Board member

Scott Turner, Board member

David Villareal, Board Member

Melanie Gygli, City of Pocatello, Executive Director

Carl Anderson, City of Pocatello, Acting Secretary

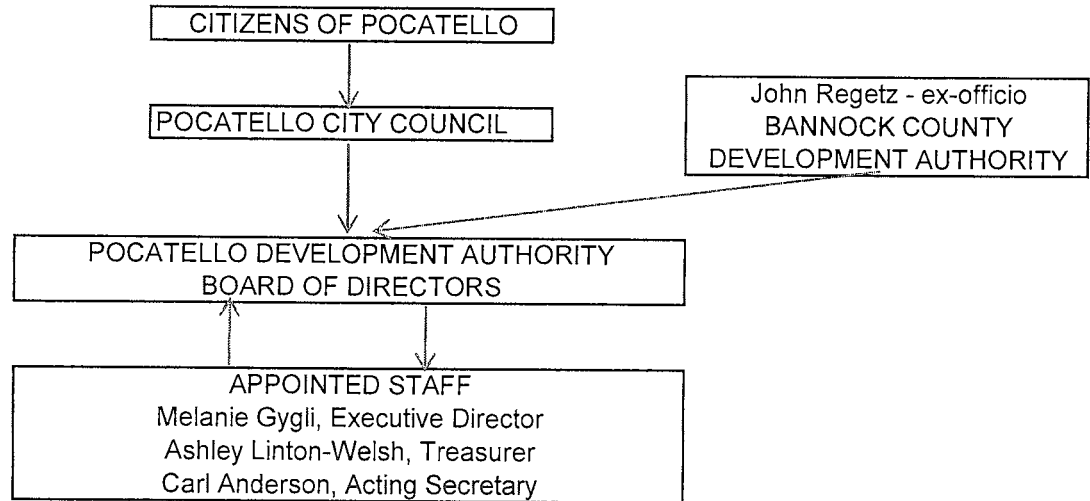
Ashley Linton-Welsh, City of Pocatello, Treasurer

**LIST OF EX-OFFICIO ADVISORS**

Jared Johnson, City of Pocatello, Legal Counsel

John Regetz, Bannock Development Authority, ex-officio member

**POCATELLO DEVELOPMENT AUTHORITY  
ORGANIZATION CHART**



**City of Pocatello, Advisory Staff:**  
Kirk Bybee, Attorney, Legal counsel

## INDEPENDENT AUDITOR'S REPORT

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, 2020, 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.

## **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, a component unit of the City of Pocatello, Idaho, as of September 30, 2020, 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 budgetary comparison information on pages 19-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other 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 section has 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, 2019, 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 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 June 16, 2021, 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.

*Seaton & Company*

Pocatello, Idaho  
June 16, 2021

**POCATELLO DEVELOPMENT AUTHORITY**  
**STATEMENTS OF NET POSITION**  
**SEPTEMBER 30, 2020**  
**WITH COMPARATIVE TOTAL AT SEPTEMBER 30, 2019**

	<b>Governmental Activities</b>	
	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,965,226	\$ 2,775,117
Accrued interest	5,973	24,672
Receivables	-	4,500
Property tax receivable	-	216,050
Inventory - leasehold	-	125,000
Inventory - land	-	1,027,468
Notes receivable (less reserve for bad debts)	301,324	315,243
Total assets	4,272,523	4,488,050
<b>LIABILITIES</b>		
Accounts payable	\$ 129,412	\$ 14,917
Noncurrent liabilities:		
Current portion of long-term debt	-	17,740
Long-term liabilities - net of current portion	-	206,507
Total liabilities	129,412	239,164
<b>NET POSITION</b>		
Unrestricted	4,143,111	4,248,886
Restricted	-	-
Total net position	\$ 4,143,111	\$ 4,248,886



**POCATELLO DEVELOPMENT AUTHORITY  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020  
WITH COMPARATIVE TOTAL FOR THE ENDED SEPTEMBER 30, 2019**

	<b>Governmental Activities</b>	
	<u>2020</u>	<u>2019</u>
<b>EXPENSES</b>		
General	\$ 100,484	\$ 978,155
North Yellowstone	-	1,505,651
Naval Ordinance Plant	31,171	134,850
North Portneuf	427,629	38,825
Airport	289,934	-
Northgate	-	-
	<u>849,218</u>	<u>2,657,481</u>
 <b>GENERAL REVENUES</b>		
Property taxes	429,476	2,041,843
Interest	75,080	82,053
Gain on sale of assets	222,532	-
Forefeiture of security deposit	-	200,000
Preceeds collecton from bad debts	4,172	-
Miscellaneous	12,183	9,040
	<u>743,443</u>	<u>2,332,936</u>
 <b>NET CHANGE IN NET POSITION</b>	 (105,775)	 (324,545)
 <b>BEGINNING NET POSITION - restated</b>	 <u>4,248,886</u>	 <u>4,573,431</u>
 <b>ENDING NET POSITION</b>	 <u>\$ 4,143,111</u>	 <u>\$ 4,248,886</u>

**POCATELLO DEVELOPMENT AUTHORITY  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020  
WITH COMPARATIVE TOTAL AT SEPTEMBER 30, 2019**

	General Fund	North Yellowstone	Naval Ordinance Plant	North Portneuf	Airport	Northgate	2020	2019
<b>ASSETS</b>								
Cash and cash equivalents	\$ 888,433	\$ -	\$ 1,177,095	\$ 1,355,215	\$ 544,483	\$ -	\$ 3,965,226	\$ 2,775,117
Accrued interest	5,973	-	-	-	-	-	5,973	24,672
Accounts receivable	-	-	-	-	-	-	-	4,500
Property tax receivable	-	-	-	-	-	-	-	216,050
Notes receivable	334,804	-	-	-	-	-	334,804	426,528
Inventory - leasehold	-	-	-	-	-	-	-	125,000
	<u>\$ 1,229,210</u>	<u>\$ -</u>	<u>\$ 1,177,095</u>	<u>\$ 1,355,215</u>	<u>\$ 544,483</u>	<u>\$ -</u>	<u>\$ 4,306,003</u>	<u>\$ 3,571,867</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 10,295	\$ -	\$ -	\$ -	\$ 119,117	\$ -	\$ 129,412	\$ 14,917
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable interest revenues	5,094	-	-	-	-	-	5,094	23,633
Unavailable tax revenues	-	-	-	-	-	-	-	208,081
Unavailable notes receivable revenues	334,804	-	-	-	-	-	334,804	426,528
	<u>350,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,117</u>	<u>-</u>	<u>469,310</u>	<u>673,159</u>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	-	125,000
Committed	-	-	1,177,095	1,355,215	425,366	-	2,957,676	1,982,779
Assigned	-	-	-	-	-	-	-	99,688
Unassigned	879,017	-	-	-	-	-	879,017	691,241
	<u>879,017</u>	<u>-</u>	<u>1,177,095</u>	<u>1,355,215</u>	<u>425,366</u>	<u>-</u>	<u>3,836,693</u>	<u>2,898,708</u>
	<u>\$ 1,229,210</u>	<u>\$ -</u>	<u>\$ 1,177,095</u>	<u>\$ 1,355,215</u>	<u>\$ 544,483</u>	<u>\$ -</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.		334,804	634,609
Accrual adjustments for allowance for doubtful accounts.		(33,480)	(111,285)
Recognition of capital purchases are reported as expenses in the governmental funds.		-	1,027,468
Interest accrued on noted receivable not classified as current assets.		5,094	23,633
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.			
Long-term debt		-	(224,247)
Total long-term liabilities adjustment		-	(224,247)
Net Position of Governmental Activities		<u>\$ 4,143,111</u>	<u>\$ 4,248,886</u>

**POCATELLO DEVELOPMENT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**  
**WITH COMPARATIVE TOTAL FOR YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	North Yellowstone	Naval Ordnance Plant	North Portneuf	Airport	Northgate	2020	2019
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ 225,409	\$ 308,197	\$ 103,951	\$ -	\$ 637,557	\$ 2,045,188
Interest	9,665	-	2,319	56,565	1,437	-	69,986	82,053
Rental and miscellaneous revenue	12,183	-	-	-	-	-	12,183	209,040
	<u>21,848</u>	<u>-</u>	<u>227,728</u>	<u>364,762</u>	<u>105,388</u>	<u>-</u>	<u>719,726</u>	<u>2,336,281</u>
<b>EXPENDITURES</b>								
Administration	11,337	-	-	72	20	-	11,429	5,961
Projects and grants	50,234	-	-	-	119,117	-	169,351	859,669
Professional services	38,913	-	-	7,556	-	-	46,469	95,587
Capital construction	-	-	31,171	420,000	170,797	-	621,968	134,850
Loss on write-down of inventory	-	-	-	-	-	-	-	299,779
TIF district closure	-	-	-	-	-	-	-	1,455,008
Debt services:								
Principal retirement	-	-	-	224,248	-	-	224,248	3,550,740
Interest	-	-	-	-	-	-	-	62,652
	<u>100,484</u>	<u>-</u>	<u>31,171</u>	<u>651,876</u>	<u>289,934</u>	<u>-</u>	<u>1,073,465</u>	<u>6,464,246</u>
<b>EXCESS REVENUES OR (EXPENDITURES)</b>	(78,636)	-	196,557	(287,114)	(184,546)	-	(353,739)	(4,127,965)
<b>OTHER FINANCING SOURCES/(USES):</b>								
Notes receivable collections	64,078	-	-	-	-	-	64,078	-
Economic loans	(22,354)	-	-	-	-	-	(22,354)	-
Proceed from sale of property	-	-	-	1,250,000	-	-	1,250,000	-
Transfers in	-	-	-	-	-	-	-	189,514
Transfers out	-	-	-	-	-	-	-	(189,514)
<b>NET CHANGE IN FUND BALANCE</b>	(36,912)	-	196,557	962,886	(184,546)	-	937,985	(4,127,965)
<b>BEGINNING FUND BALANCE</b>	915,929	-	980,538	392,329	609,912	-	-	-
<b>ENDING FUND BALANCE</b>	<u>\$ 879,017</u>	<u>\$ -</u>	<u>\$1,177,095</u>	<u>\$1,355,215</u>	<u>\$ 425,366</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

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

Governmental funds only report revenue on receivables that are available to pay current expenditures within the first 60 days of the fiscal year. All receivables minus allowances for bad debt are treated as revenues received in the statement of activities.	(222,000)	235,898
Interest on notes receivable not meeting the definition of current asset for modified accrual are recognized on the statements of net position.	(18,539)	-
Accrued interest on long-term debt is not recognized in governmental funds.	-	16,782
The net affect of sales of assets. In the statement of activities, only the gain on sale of assets is reported. However, in the governmental funds, the proceeds from the sale increased financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold:	(1,027,468)	-
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	224,247	3,550,740
<b>Change in Net Position of Governmental Activities</b>	<u>\$ (105,775)</u>	<u>\$ (324,545)</u>

**POCATELLO DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies**

**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 of Pocatello, provided that the Council has first passed a resolution finding that one or more blighted areas are in existence, 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, the Pocatello Development Authority is included in the Annual Financial Statements of the City of Pocatello as a discretely presented component unit.

**B. *Government-wide and fund financial statements***

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements.

**C. *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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**POCATELLO DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**D. *Assets, liabilities, and net position or equity***

*1. Deposits 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 funds based on the monthly balance of cash in each 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.

*2. Receivables and payables*

Property taxes receivable are recorded when certified by the State Tax Commission in October of each year. Taxes not received within sixty days of year-end are deferred. The taxing authorities, within each tax increment financing district, levy property taxes by the third Monday of September on a market value basis. These taxes are billed to the taxpayers in November and 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 the Authority by Bannock County.

*3. Inventory and prepaid items*

Inventory is reported at the lower of cost or fair market value.

*4. Restricted assets*

The assets of the special revenue funds are restricted as to usage by the State Code to payment of District expenses and debt service and an administrative fee to the General Fund of the Authority. Remaining net position representing property taxes collected are to be refunded to the taxing districts from which the taxes were collected.

It is the Authorities policy to first apply restricted resources when an expense is incurred for purposes in which both restricted and unrestricted net assets are available.

*5. Capital Assets*

The Authority has no capital assets.

*6. Compensated Absences*

The Authority has no liability for compensated absences.

*7. Long-term obligations*

In the government-wide financial statements long-term debt are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount which are amortized over the term of the related debt.

**POCATELLO DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - Summary of Significant Accounting Policies (Continued)**

**D. *Assets, liabilities, and net position or equity - continued***

**8. *Fund Equity***

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are subject to externally enforceable legal restrictions. Commitments of fund balance represent amounts whose use is constrained by limitations that the Board has imposed upon itself.

**NOTE 2 - Reconciliation of Government-wide and Fund Financial Statements**

*Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.*

The governmental fund balance sheet includes the reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position.

One element of the reconciliation explains that "Certain receivables are not current resources and are reported as deferred revenues in the governmental funds".

Deferred interest receivable on notes and investments	\$	5,094
Deferred notes receivable		334,804
		339,898
	\$	339,898

Another element of the reconciliation is titled "accrual adjustments for allowance for doubtful accounts." Governmental funds do not record an adjustment to accounts or loans receivable that represents the estimated amount of the receivables that will not be collectable. Instead, receivables not available for current spending are deferred.

Allowance for doubtful accounts	\$	(33,480)
		(33,480)
	\$	(33,480)

**NOTE 3 - Stewardship, Compliance and Accountability**

**A. *Budgetary Information***

The budget is prepared on a modified accrual basis by fund, (each tax increment financing district is represented by it own fund), and includes information about the current year.

The Board of the Pocatello Development Authority holds a public meeting in conjunction with adoption of its annual budget. The new budget is submitted to the board at its meeting in August as part of the cash report presented by the Treasurer. When the cash report is approved by the board the budget is approved as well. Budgets may be amended by the same procedure used to adopt the budget. The Budget is published as required.

**NOTE 4 - Detailed Notes on all Funds**

**A. *Deposits and Investments***

Cash and cash equivalents at yearend consist of the following:

Deposits		
Cash in bank		\$ 3,965,226
		3,965,226

**POCATELLO DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - Detailed Notes on all Funds - (Continued)**

**A. *Deposits and Investments - (Continued)***

The Authority has no investments

Deposits - Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the government's deposits may not be returned to it. At year-end, the Authority's carrying amount (reconciled balance reported in the financial statements) of deposits was \$3,965,226 and the bank balance (balance per bank statements) was \$3,966,050. Of the cash balance, \$250,000 was covered by federal depository insurance at Idaho Central Credit Union. There exists a custodial risk of \$3,716,050.

Deposits and Investment transactions are subject to a variety of risks.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the value of an investment. This risk does not exist since the Authority has no investments.

*Credit Risk* is the risk that an issuer or a counter party to an investment will not fulfill its obligations.

**B. *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.

**C. *Notes Receivable***

\$26,000 was loaned to a local limited liability company at zero percent interest for 12 months. The loan was assumed by the Yellowstone Restaurant, LLC with the first quarterly payment to begin on or before February 1, 2020.

A loan of up to \$100,000 was given to a local limited liability company at zero percent interest for 12 months. Quarterly payments will begin on or before August 1, 2020.

A loan of up to \$200,000 was given to a local limited liability company at zero percent interest for 12 months. Quarterly payments will begin on or before June 1, 2020.

A loan of up to \$125,000 was given to a local limited liability company at zero percent interest for 12 months. Quarterly payments will begin on or before June 1, 2020.

Revenue from notes receivable is recognized when received and when received within 60 days after yearend. Principal balances not received with 60 days after yearend are shown as deferred notes receivable revenues.

**D. *Property Tax Receivable and Deferred Property Taxes***

At yearend, property tax receivable and deferred tax revenues were all collected:

**POCATELLO DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - Detailed Notes on all Funds - (Continued)**

***E. Long-term Debt***

*Changes in Long-term Liabilities*

The PDA entered into an agreement with the City of Pocatello for the purchase of the HOKU land in the North Portneuf Taxing District. The loan is a no interest loan to be repaid over 16 years in annual installments of \$17,740 per year. However, during the year the Authority sold the land and paid off the loan balance.

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

	Beginning Balance	Additions	Reductions	Ending Balance
Note payable - HOKU	\$ 224,247	\$ -	\$ 224,247	\$ -

***F. Grants***

Pocatello Development Authority has provided grants to businesses wanting to locate in Pocatello, Idaho. These grants contain conditions requiring the grantee to perform specified conditions to receive the grant awards. The grantee is required to repay the grant if the conditions of the grant are not met.

***G. Fund Equity***

In the fund financial statements, governmental funds report the following fund balance classifications:

*Nonspendable Assets*

Nonspendable amounts that cannot be spent because they are not in spendable form or that are legally or contractually required to be maintained intact.

*Restricted Assets*

Restricted amounts are used for a particular purpose, primarily to satisfy regulatory or contractual requirements.

*Committed Assets*

The tax revenues of special revenue funds are committed by state law to pay for expenditures of Tax Increment Financing Districts. The Districts are established by ordinances passed by the City. The ordinance establishing the District define types of construction, bonded debt, administrative costs, and collected taxes to be refunded to the taxing districts from which they were derived.

*Assigned Assets*

Assigned amounts are intended to be used for certain purposes as determined by the board with a majority vote pursuant to accounting rules for fund balance reporting and the definition of Governmental Fund Type.

The Pocatello Development Authority's Board of Directors has not assigned any amounts for purposes of future projects.

*Unassigned Assets*

Unassigned residual balances in the General Fund that have not been restricted, committed or assigned.



**POCATELLO DEVELOPMENT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - Detailed Notes on all Funds - (Continued)**

**G. Fund Equity - (Continued)**

Other governmental funds may report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources for the fund.

It is the Authority's policy to first use restricted resources and then unrestricted resources as needed. When restricted resources are available for use, it is the Authority's policy to use resources in the following order; first committed, then assigned, and finally unassigned. Fund balance commitments may be established, modified or rescinded by the board.

**NOTE 5 - Other Information**

**A. *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 an urban renewal district to fund 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.

**NOTE 6 - Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Pocatello Development Authority recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements.

Subsequent events were evaluated up to June 16, 2021, the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

**POCATELLO DEVELOPMENT AUTHORITY**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Original Budget Amounts	Actual Amounts	Variance
<b>REVENUES</b>			
<b>GENERAL FUND</b>			
Interest	\$ 500	\$ 9,665	\$ 9,165
Miscellaneous	38,736	12,183	(26,553)
	<u>39,236</u>	<u>21,848</u>	<u>(17,388)</u>
<b>SPECIAL REVENUE FUNDS</b>			
North Yellowstone	-	-	-
North Portneuf	37,951	227,728	189,777
Naval Ordnance Plant	255,989	364,762	108,773
Pocatello Regional Airport	97,116	105,388	8,272
Northgate	-	-	-
Subtotal special revenue funds	<u>391,056</u>	<u>697,878</u>	<u>306,822</u>
Total revenue all funds	430,292	719,726	289,434
<b>EXPENDITURES</b>			
<b>GENERAL FUND</b>			
Administration	10,433	11,337	(904)
Professional services	20,000	38,913	(18,913)
Projects and Grants	666,610	50,234	616,376
Loss on write-down of inventory	-	-	-
	<u>697,043</u>	<u>100,484</u>	<u>596,559</u>
<b>SPECIAL REVENUE FUNDS</b>			
North Yellowstone	-	-	-
North Portneuf	376,320	31,171	345,149
Naval Ordnance	1,260,010	651,876	608,134
Pocatello Regional Airport	706,205	289,934	416,271
Northgate	-	-	-
Subtotal special revenue funds	<u>2,342,535</u>	<u>972,981</u>	<u>1,369,554</u>
Total expenditures all funds	<u>3,039,578</u>	<u>1,073,465</u>	<u>1,966,113</u>
<b>EXCESS REVENUES OR (EXPENDITURES)</b>	(2,609,286)	(353,739)	2,255,547
<b>OTHER FINANCING SOURCES (USES)</b>			
Notes receivable collections	-	64,078	64,078
Economic loans	-	(22,354)	(22,354)
Proceed from sale of property	-	1,250,000	1,250,000
Total other financing sources (uses)	<u>-</u>	<u>1,291,724</u>	<u>1,291,724</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (2,609,286)</u>	<u>\$ 937,985</u>	<u>\$ 3,547,271</u>
<b>BEGINNING NET POSITION</b>		<u>2,898,708</u>	
<b>ENDING NET POSITION</b>		<u>\$ 3,836,693</u>	

**POCATELLO DEVELOPMENT AUTHORITY**  
**NOTES TO STATEMENT OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL**

**NOTE 1 - Expenditures in excess of budget**

During the year there were expenditures in excess of their budget for administration and professional services in the general fund.

These expenditures in excess of budget were covered by decreased expenditures in projects and grants within the general fund.

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

To the Board of Commissioners  
Pocatello Development Authority  
Pocatello, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Pocatello Development Authority, a component unit of the City of Pocatello, Idaho, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Pocatello Development Authority's basic financial statements, and have issued our report thereon dated June 16, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Pocatello Development Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pocatello Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pocatello Development Authority's internal control over financial reporting.

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

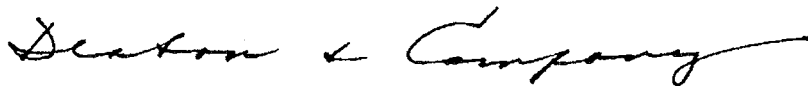
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Deaton & Company". The signature is written in black ink and is positioned above the date and location information.

Pocatello, Idaho  
June 16, 2021