



Finance & Policy Committee

January 23, 2025 – 8:00 a.m.
Chamber Conference Room
201 E 4th Avenue, Post Falls, ID

1. Call to Order, Commissioner Roll Call
2. Conflict Disclosure
3. Citizen Comments
This section of the agenda is reserved for citizens wishing to address the Commission regarding an Agency related issue. Comments related to future public hearings should be held for that public hearing. Persons wishing to speak will have 5 minutes.
4. FY 2024 Draft Audit **ACTION ITEM**
5. Welch-Comer Task Order 25-01 **ACTION ITEM**
6. District Fund Status - Finance Review
7. Adjournment

Requests for accommodation of special needs to participate in the meeting should be addressed to the Office of the Executive Director, 201 E. 4th Avenue, Post Falls, Idaho 83854, or call (208) 777-8151.

Mission Statement: To encourage sound economic and community improvement that enhances the overall quality of life in Post Falls by: providing and improving infrastructure, attracting jobs, and enhancing citizen safety and health.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2024

This section of the Post Falls Urban Renewal Agency's FY 2024 financial report offers readers an overview and analysis of the Agency's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the Agency's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total fund balance for the Agency was \$2,480,267— see page 8 for breakdown
- The Agency's total net position was \$2,451,320.

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's annual report has four parts: this letter providing management's discussion and analysis (pages 4 to 10); the audited government-wide financial statements (pages 11 to 12); the audited fund financial statements (pages 13 to 16); and the auditor's notes and required supplemental information (pages 17-35).

Government - Wide Financial Statements

The Agency's required format of government-wide financial statements provides the reader with a broad overview of the Post Falls Urban Renewal Agency's finances, using accounting methods similar to those used by private-sector businesses.

The Statement of Net Position presents all of the Agency's assets and liabilities, with the difference between the two reported as net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., property tax increment payments to be received in future periods).

The Post Falls Urban Renewal Agency's net position totals \$2,451,320 at September 30, 2024. The increase of \$280,247 in the Agency's net position is due primarily to property tax revenues exceeding proponent payments.

Post Falls Urban Renewal Agency's main assets include (99%) cash and short-term investments in the State Investment Pool.

**POST FALLS URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024 (Continued)**

Below is a comparative summary of Post Falls Urban Renewal Agency's statement of net position:

Statement of Net Position

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Investments	\$2,467,738	\$4,194,722
Other Assets	33,339	193,857
Total Assets	<u>2,501,077</u>	<u>4,388,579</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	<u>22,815</u>	<u>39,034</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u><u>2,523,892</u></u>	<u><u>4,427,613</u></u>
LIABILITIES		
Other Liabilities	15,451	2,189,045
Net Pension Liability	<u>50,638</u>	<u>66,713</u>
Total Liabilities	<u>66,089</u>	<u>2,255,758</u>
DEFERRED INFLOWS OF RESOURCES		
Pension plan	6,483	782
NET POSITION		
Unrestricted	<u>2,451,320</u>	<u>2,171,073</u>
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u><u>\$2,523,892</u></u>	<u><u>\$4,427,613</u></u>

In FY 2024, Agency revenues were to be used to initiate reimbursement of the proponent/developer obligation in the Downtown district, approved in February 2024.

In FY 2024, two of the Agency's three districts continued to experience ongoing construction and expansion of public improvements. In some instances, the costs of these improvements are still being reviewed and analyzed by the Agency. Such costs have been neither finalized nor approved by the Agency and, therefore, any additional proponent obligations had not yet been finalized by the end of fiscal year 2024. The Agency also anticipates receiving sufficient funds within future years from incremental property taxes generated by new commercial and industrial development in its districts, to repay all of its existing liabilities and continue its operations. Proponent obligation reimbursement is subject to the creation of new tax increment within each district from new business growth.

**POST FALLS URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024 (Continued)**

The Statement of Changes in Net Position presents information showing how the Agency's net position changed during the most recent fiscal year; however, it is only one indicator of the Agency's financial position. To assess the overall health of the Agency, one needs to consider additional factors, such as changes in the property tax base from new developments being added to the tax rolls, plans for future development within the urban renewal districts created by the Post Falls City Council and administered by the Agency, the state of the area's economy, national economic trends and other factors.

Below is a comparative summary of Post Falls Urban Renewal Agency's statement of activities:

Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Property Taxes, levied for general purposes	\$5,138,707	\$5,771,633
Interest and Investment Earning	160,405	6,198
Penalties and Late Fees	218	10,023
Other Income	200,000	150,000
Total Revenues	<u>5,499,330</u>	<u>5,937,854</u>
Expenses		
Tax Increment Expenses	5,101,502	5,510,654
General Government	105,281	114,496
Pension Plan Expense (Income)	12,300	18,824
Total Expenditures	<u>5,219,083</u>	<u>5,643,974</u>
Change in Net Position	280,247	293,880
Fund Balance - October 1,	<u>2,171,073</u>	<u>1,877,193</u>
Fund Balance - September 30,	<u>\$2,451,320</u>	<u>\$2,171,073</u>

Government Activity Analysis

The majority of the revenue received by the Post Falls Urban Renewal Agency results from incremental increases in property values in its renewal districts resulting from new commercial and industrial development stimulated by public improvements and the extension of public utilities. The expenses of the Agency consist primarily of reimbursement of capital improvements consistent with the plan of development for each of its districts and the expenses associated with the operation and administration of the Agency.

The Agency adopts an annual budget for its administrative operations. The annual budget is reviewed at a public meeting after being published for citizen comment, and, upon approval by the Commissioners of the Agency, is forwarded to the Post Falls City Council.

**POST FALLS URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024 (Continued)**

Fund Financial Statements

Fund financial statements indicate related accounts grouped to maintain control over resources that have been segregated for specific activities or objectives. The Post Falls Urban Renewal Agency, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful to the reader in evaluating the Agency's near-term financing requirements.

Because the focus of Agency funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the Agency with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the Agency's balance sheet and its statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Agency funds and activities.

For cash management purposes the Post Falls Urban Renewal Agency maintains a deposit account at First Interstate Bank and the State of Idaho Local Government Investment Pool (LGIP), together with a savings account at ICCU. These accounts are as follows:

<u>First Interstate Bank</u>	<u>LGIP</u>	<u>ICCU</u>
Checking Account (ACH)	General Fund (ACH) Capital Improvements (ACH)	Savings Account

All funds received for deposit, primarily Tax Increment checks, are deposited to a First Interstate Bank checking account, as that is an Automated Clearing House (ACH) account which is used to transfer funds to and receive monies from the LGIP General Fund and/or the LGIP Capital Improvements Fund (ACH) accounts. Funds retained in the LGIP General Fund represent the Agency's annual operating budget funds. The balance carried in the First Interstate Bank checking account also maintains the Agency operating budget balance. The LGIP Capital Improvements funds are used for proponent and project reimbursement typically on a semi-annual basis.

In order to attain a higher earnings rate, the Agency continues to monitor CD rates vs. the LGIP rate. At September 30, 2023 the LGIP rate was 5.31%, which is higher than what most financial institutions offered at that time. All Certificates of Deposit, when acquired by the Agency, are kept within the FDIC insurance limit of \$250,000.

From a financial reporting standpoint, the Agency revenues and expenditures are disclosed as one fund as follows:

Revenues

Property Taxes	\$ 5,301,719
Penalties and Late Fees	218
Interest and Investment Earning	160,405
Administrative Charges to Districts	200,000
Total Revenues	<u>5,662,342</u>

Expenditures

Tax Increment Expenses	5,101,502
General Government	104,035
Debt Service:	
Principal	7,680
Interest	310
Total Expenditures	<u>5,213,527</u>

Excess (Deficiency) of Revenues Over Expenditures	448,815
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Fund Balance - October 1,	<u>2,031,452</u>
Fund Balance - September 30,	<u>\$ 2,480,267</u>

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the agency-wide and fund financial statements. Notes to the financial statements may be found on pages 17 to 32 of this report.

Financial Analysis of the Agency’s Funds

As noted earlier, the Post Falls Urban Renewal Agency uses fund accounting to demonstrate and ensure compliance with finance related legal requirements.

Governmental Funds. The focus of the Post Falls Urban Renewal Agency governmental funds section is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency’s financing requirements.

Current fund balances are allocated as follows:

Non-spendable (Prepaid Expenses)	\$ 3,544
Committed (Technology, Downtown, Pleasant View)	1,324,484
Unassigned (Operating budget and Discretionary)	1,152,239
	<u>\$ 2,480,267</u>

At the end of FY 2024, the Agency reported combined ending fund balances of \$2,480,267 an increase of \$448,815 over the prior year.

General Fund Budgetary Highlights

The general fund is used to fund the annual expenses of operating the Agency and administering the urban renewal districts for which it is responsible.

The total operating expenses for the fiscal year were \$120,015, which equates to \$86,072 under the FY 2023 budget of \$206,087.

CAPITAL ASSETS AND DEBT ADMINISTRATION

During the fiscal year 2024, the Agency had no additions to capital assets.

Long-term Debt

At the end of FY 2024 the Post Falls Urban Renewal Agency had no outstanding debt.

ECONOMIC FACTORS AND CONDITIONS CONSIDERATION

- In-migration of new employers: Post Falls continues to be an increasingly attractive location for employers seeking to relocate from other areas and entrepreneurs seeking to start new businesses. The favorable business climate and the financial stability of the State of Idaho continues to attract in-migration from other states. This trend is expected to continue however the State will need to continue to focus on education, workforce training and infrastructure to support growth.
- Expansion of revenue from incremental property taxes resulting from new industrial and commercial development in renewal districts: Tax increment resulting from those investments in several Urban Renewal districts is expanding as new buildings are being built.
- Continued improvement in Agency policies and procedures: The Agency continues to refine its policies and to add specificity to developer agreements which have resulted in smoother negotiations of capital project financial reimbursements. Agency Commissioners continue to closely examine actual benefits received from planned and approved infrastructure improvement expenses which the Agency is asked to reimburse, and are continuing to hold the Agency's developer partners and the Agency to a high standard of accountability for results against the goals envisioned in each district Plan
- Strengthening of internal controls: The Agency has adopted comprehensive policies governing conflict of interest, investment of revenues, and aggressive management of cash flow. It continues to improve the transparency of its operations and the manner and clarity of the monthly and annual reports it provides to the public regarding its activities.
- Annual administrative fee: Annual administrative fees are assessed against each of the operating urban renewal districts and are used to fund the operations of the Urban Renewal Commission. These fees have been set at \$25,000 per District per year, which continues the Commission's realistic approach to limiting the administrative burden in each of its Districts.

Administrative fees are transferred to the General Fund which is used for the Agency's operational expenses. The Commission prides itself on its operational efficiency. The closure of multiple Urban Renewal Districts has reduced funding generated from administrative fees. The General Fund has a sufficient balance to offset this reduction in income for many years and sustain operations at current levels. As fee income is reduced due to the closing of urban renewal districts, the Commission plans to draw down on the General Fund, as needed, to fund operating expenses. The impact of decreased fee income on the General Fund balance in FY 2024 was minimized by increased interest income from the State of Idaho Local Government Investment Pool (LGIP) accounts. The Commission has reviewed the long-term sustainability of its operations and is confident that funding

available from its administrative fees and its General Fund will be sufficient to meet all of its operating expenses for the remaining term of its existing urban renewal districts.

All of these factors were considered in preparing the Post Falls Urban Renewal Agency's budget for the 2024 fiscal year. In the FY 2017 budget, the Agency was able to allocate \$32,610 back to the general fund and an additional \$29,502 in FY 2018, \$6,465 in FY 2019, \$21,181 in FY2020, \$65,890 in FY2021, \$79,187 in FY2022, and \$75,048 in FY 2023. In FY 2024 the Agency transferred \$75,048 from the General Fund to meet its general operating expenses.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Post Falls Urban Renewal Agency to facilitate financial transparency to the community. Questions concerning the information provided in this report, or requests for additional financial information, should be addressed to the Post Falls Urban Renewal Agency, 201 E 4th Ave, Post Falls, ID 83854-7518. The office telephone number is 208-777-8151. The Agency office is located on the second floor of the Post Falls Chamber of Commerce building at 201 E. 4th Ave.

NOTE 5 – LONG-TERM OBLIGATIONS & COMMITMENTS

A&A Construction and Development, Inc (Downtown) – During the 2023 fiscal year, the Agency entered into an Owner Participation and Reimbursement Agreement (OPA) with A&A Construction and Development. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made as part of the Millworx and North Mill One project area within the Downtown Urban Renewal District. The Agency is only obligated to reimburse A&A Construction and Development Inc. if tax increment revenues of the Agency are available. The Agency receives increment revenue and then deducts the amounts necessary to cover administrative costs, fund the district reserve, and pay any district debt. The amount remaining is the reimbursement. In fiscal year 2024 an Order of Approval for participant expenditures of \$6,035,511 in qualifying costs was approved and \$1,048,691 was reimbursed, resulting in a remaining obligation of \$4,986,820

Beyond Green, Inc (Post Falls Technology) - During the 2019 fiscal year, the Agency entered into an Owner Participation and Reimbursement Agreement (OPA) with Beyond Green. Public infrastructure construction projects are in process. \$1,723,152 is being held for future reimbursement of public infrastructure.

Task Order

In accordance with the General Services Agreement between Owner and Engineer for Professional services dated, May 12, 2008 ("Agreement"), Owner and Engineer agree as follows:

1. Specific Project Data:
 - A. Title: A&A Construction and Development Millworr and North Mill One Phase A, B, and G Request #2 Submittal Review
2. Services of Engineer:
 - A. Review the A&A Construction Reimbursement.
 - B. Perform a cursory review of project cost summary and supporting documentation provided by the Owner, and gather remaining data determined necessary by Engineer to complete the review.
 - C. Review City of Post Falls records for infrastructure acceptance.
 - D. Identify and review work performed for eligibility of reimbursement.
 - E. If eligible, determine if costs are consistent in Engineer's opinion for work of similar scope and complexity.
3. Assumptions:
 - A. This review is not intended to provide the level of effort needed for an "audit".
4. Owner's Responsibilities:
 - A. The Owner will provide to Engineer all criteria and full information as the Owner's requirements for the Project including design objectives and constraints, space, capacity, performance requirements, flexibility and expandability, and any budgetary limitations. Furnish copies of all design and construction standards which Owner will require to be included in the Drawings and Specifications.
 - B. The Owner will furnish to Engineer as required for performance of Engineer's services, data prepared by or services of others, if available including, without limitation: borings, probings and subsurface explorations, hydrographic surveys, laboratory tests and inspections of samples, materials and equipment, appropriate professional interpretations of all of the foregoing, environmental assessment and impact statements, surveys of record, property descriptions, zoning, deed and other land use restrictions, and other special data or consultations as may be available. All of which may use and rely upon in performing services under this Agreement.
 - C. The Owner will arrange for access to and make all provisions for Engineer to enter upon public and private property as required for Engineer to perform services under this Agreement.

5. Payments to Engineer

A. Owner shall pay Engineer for services rendered as follows:

<i>Category of Services</i>	<i>Compensation Method</i>	<i>Compensation for Services</i>
Costs Verification	Lump Sum Amount	\$5,000

B. The portion of the compensation amount billed monthly for Engineer's Services will be based upon Engineer's estimate of the percentage of the total Services actually completed during the billing period.

C. Engineer may alter the distribution of compensation between individual phases to be consistent with services actually rendered, but shall not exceed the total Lump Sum amount unless approved in writing by the Owner.


6. Terms and Conditions: Execution of this Task Order by Owner and Engineer shall make it subject to the terms and conditions of the Agreement (as modified above), which Agreement is incorporated by this reference. Engineer is authorized to begin performance upon its receipt of a copy of this Task Order signed by Owner.

The Effective Date of this Task Order is _____, 2025.

OWNER:
Post Falls Urban Renewal Agency

ENGINEER:
Welch Comer & Associates, Inc.

By: _____
Name: _____
Title: _____

By: 
Name: Matt Gillis, P.E.
Title: Vice President

Firm's Certificate No. C-273
State of: Idaho

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: Joseph Johns
Title: Executive Director

Address: 201 E. 4th Ave
 Post Falls, ID 83854

E-Mail Address: postfallsura@gmail.com

Phone: 208-777-8151

Fax: _____

DESIGNATED REPRESENTATIVE FOR TASK ORDER:

Name: Matt Gillis, P.E.
Title: Vice President

Address: 330 E. Lakeside Ave., Ste 101
 Coeur d'Alene, ID 83814

E-Mail Address: mgillis@welchcomer.com

Phone: 208-664-9382

Fax: 208-664-5946

11.25.24 Values (September Values Report)

Post Falls Technology URD					Est. Increment	
	Base Value	Change in Increment	Taxable Value	Levy Rate	Revenue	Open
2019	35,484,408		5,737,225	0.010144244	\$ 58,199.81	2018
2020	Final	11,650,871	17,388,096	0.009339020	\$ 162,387.78	Close
2021	Final	6,981,106	24,369,202	0.008384882	\$ 204,332.88	2038
2022	Final	67,452,020	91,821,222	0.005113000	\$ 469,481.91	Term
2023	Final	72,205,756	164,026,978	0.005078541	\$ 833,017.73	20
2024	Prelim.	50,954,568	214,981,546	0.005487555	\$ 1,179,723.06	

Downtown URD						
	Base Value	Change in Increment	Taxable Value	Levy Rate		Open
2022	226,655,548		101,499,377	0.005113000	\$ 518,966.31	2021
2023	Final	16,054,515	117,553,892	0.005078541	\$ 597,002.26	Close
2024	Prelim.	40,986,080	158,539,972	0.005487555	\$ 869,996.82	2041
						Term
						20

Pleasant View URD						
	Base Value	Change in Increment	Taxable Value	Levy Rate		Open
2022	4,068,315		468,584	0.005113000	\$ 2,395.87	2021
2023	Final	1,811,651	2,280,235	0.005078541	\$ 11,580.27	Close
2024	Prelim.	111,367	2,391,602	0.005487555	\$ 13,124.05	2041
						Term
						20

PFURA District Fund Balances

Finance & Policy Committee Meeting - January 23, 2025

District Name	Closing YEAR	District Balance @ 9/30/2024	Current Year Incr. Rec'd to Date	Current Year Reimb. to Date	District Balance to Date	Est. Increment to 8/1/2025*	Est. 2025 Reimburs.	Est. Balance @ 8/15/2025	FY 2025 Admin Fee	Est. Fund Balance @ 9/1/2025
Post Falls Technology	2038	\$ 1,723,152.07	\$ 10,879.67	\$0.00	\$ 1,734,031.74	\$ 1,168,843	\$ 2,902,875	\$ 25,000	\$ 25,000.00	\$ -
Downtown	2041	\$ 1,036.90	\$ 36,537.20	\$0.00	\$ 37,574.10	\$ 833,459	\$ 871,033	\$ 25,000	\$ 25,000.00	\$ -
Pleasant View	2041	\$ (62,689.68)	\$ -	\$0.00	\$ (62,689.68)	\$ 13,124	\$ -	\$ (49,566)	\$ 25,000.00	\$ (74,566)
TOTAL		\$ 1,661,499.29	\$ 47,416.87	\$0.00	\$ 1,708,916.16					

*Based on 2024 September Values Report and 2024 UR Levy Rate

Post Falls Urban Renewal Agency - In-House Profit & Loss Budget vs. Actual October through December 2024

	<u>Oct '24 - Dec 24</u> <u>3-Month Actual</u>	<u>2024-25 Total</u> <u>Budget</u>	<u>2024-25 Balance</u>	<u>% of 12 Month</u> <u>Budget</u>
Expense				
Audit	8,106.25	12,500.00	-4,393.75	64.85%
Computer Software	19.00	1,272.00	-1,253.00	1.49%
Contract Employees	0.00	1,000.00	-1,000.00	0.0%
Engineering Services	0.00	9,600.00	-9,600.00	0.0%
Marketing & Education Materials	308.70	3,000.00	-2,691.30	10.29%
Meetings	165.00	390.00	-225.00	42.31%
Office Equipment	144.15	300.00	-155.85	48.05%
Website Design, Hosting & Maint	349.95	1,250.00	-900.05	28.0%
62140 · Legal Fees	2,162.50	25,000.00	-22,837.50	8.65%
62840 · Computer Repair & Maintenance	0.00	330.00	-330.00	0.0%
62890 · Rent	7,990.00	7,990.00	0.00	100.0%
65020 · Postage, Mailing Service	0.00	73.00	-73.00	0.0%
65030 · Printing and Copying	87.66	300.00	-212.34	29.22%
65040 · Office Supplies	0.00	425.00	-425.00	0.0%
65050 · Telephone, Telecommunications	800.40	240.00	560.40	333.5%
65110 · Advertising & Legal Notices	0.00	900.00	-900.00	0.0%
65120 · Insurance	0.00	4,375.00	-4,375.00	0.0%
65150 · Dues & Memberships	550.00	850.00	-300.00	64.71%
66000 · Payroll Expenses	20,533.01	79,190.88	734.79	103.71%
Contingency	0.00	5,000.00	-5,000.00	0.0%
Total Expense	41,216.62	153,985.88	-112,769.26	26.77%