POST FALLS
URBAN RENEWAL AGENCY

FINANCIAL AUDIT REPORTS AND STATEMENTS

FOR THE YEAR ENDED
September 30, 2021

Prepared by

ANDERSONBROS.CPA

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Post Falls Urban Renewal Agency
Post Falls, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Post Falls Urban Renewal Agency, component unit of the City of Post Falls, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency'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 of 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 of the Post Falls Urban Renewal Agency, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Agency's share of net pension liability, the schedule of Agency's contributions, and the budgetary comparison information on pages 3 through 9, 22, and 33 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 6, 2022, on our consideration of the Post Falls Urban Renewal Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Post Falls Urban Renewal Agency's internal control over financial reporting and compliance.

Anderson Bros

Anderson Bros. CPAs
Post Falls, Idaho
January 6, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2021

This section of the Post Falls Urban Renewal Agency's FY 2021 financial report offers readers an overview and analysis of the Agency's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the Agency's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total fund balance for the Agency was $3,155,268– see page 7 for breakdown
- The Agency's total net position was $1,878,041

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's annual report has four parts: this letter providing management's discussion and analysis (pages 3 to 9); the audited government-wide financial statements (pages 10 to 11); the audited fund financial statements (pages 12 to 15); and the auditor's notes and required supplemental information (pages 16-34).

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 $1,878,041 at September 30, 2021. The decrease of $1,824,660 in the Agency's net position is due primarily to payments made in the EPF district for completed sewer projects.

Post Falls Urban Renewal Agency's main assets include (95.6%) cash, short-term investments in the State Investment Pool and Certificates of Deposit.

STATEMENT OF NET POSITION
September 30, 2021

	2020	**2021**
ASSETS		
Cash	$5,728,006	$3,228,386
Interest Receivable	3,000	3,000
Accounts Receivable	39,068	152,767
Prepaid Insurance	2,261	2,641
Restricted Investments	329,503	236,901
Net Pension Asset	0	1,070
TOTAL ASSETS	$6,101,838	$3,624,765
Deferred Outflows of Resources		
Pension Plan	10,330	16,602
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 6,112,168	$3,641,367

LIABILITIES		
Accounts payable	$ 1,980	$ 204,323
Accrued Contingent Liability	0	115,749
Accrued Wages	1,749	1,749
Accrued Vacation	3,526	2,723
Accrued Interest	10,285	5,458
Current Portion of Long Term Debt	857,754	893,804
Long-term Liabilities		
Long Term Debt (net of current portion)	1,492,664	504,216
Net Pension Liability	31,316	
Total Liabilities	$2,399,274	$1,728,022
Deferred Inflows of Resources		
Pension Plan	$10,193	$35,304
Net Position		
Invested in Capital Assets	0	0
Restricted for Debt Covenants	329,503	236,901
Unrestricted	3,373,198	1,641,140
Total net position	$ 3,702,701	$ 1,878,041
TOTAL LIABILITIES AND NET POSITION	$ 6,112,168	$3,641,367

In FY 2021, Agency revenues continued to be used to pay down debt and to reimburse proponent obligations in the Center Point, Expo and the East Post Falls districts.

In FY 2021, most 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 2021. The Agency anticipates completion on all current construction projects in FY 2022. 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.

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.

Changes in Net Position

	2020	**2021**
Revenues		
Property taxes, levied for general purposes	$5,255,583	$5,190,551
Interest and investment earnings	94,293	5,496
Penalties and late fees	14,290	18,121
Other Income	175,000	175,000
Total revenues	$5,539,166	$5,389,168
Expenses		
Tax Increment Expense	$2,961,944	$7,133,235
General government	87,178	94,140
Pension Plan Expense	3,643	(13,547)
Total expense	3,052,765	7,213,828
Change in net position	$ 2,486,401	$(1,824,660)
Net position-beginning	1,216,300	3,702,701
Prior period adjustment	0	0
Net position-ending	3,702,701	1,878,041

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, principal and interest payments on long term debt and the expenses associated with the operation and administration of the Agency. The Agency acquired Private Placement financing of a tax exempt nature from Washington Trust Bank for $13,000,000 to fund the Greensferry Overpass project and the Spencer Street Extension project. The remaining balance due Washington Trust Bank is $1,398,020.34.

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.

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), a savings account at ICCU as well as 1 CD. These accounts are as follows:

First Interstate Bank	**LGIP**	**CD's**
Checking Account (ACH)	General Fund (ACH)	Washington Trust Bank
	Capital Improvements (ACH)	
ICCU		
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, 2021 the LGIP rate was .1206%, which is higher than what most financial institutions can offer at this time. All Certificates of Deposit 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:

	General Fund 2020	**General Fund 2021**
REVENUES		
Property Taxes	$5,313,767	$5,075,077
Other local revenue	14,290	18,121
Interest Income	94,293	5,496
Other Income	175,000	175,000
Total Revenue	$5,597,350	$5,273,694
EXPENDITURES		
Tax increment expense	$ 2,849,514	$ 7,058,396
General Government	93,037	94,140
Debt service – principal	918,414	952,398
Debt service – interest	114,361	79,666
Total expenditures	$ 3,975,326	$8,184,600
Excess (deficiency) of revenues over expenditures	$ 1,622,024	(2,910,906)

OTHER SOURCES (Uses)		
Other Financing Sources	$ 0	$ 0
Total Other Sources (Uses)	$ 0	$ 0
Net Change in Fund Balance	$ 1,622,024	$(2,910,906)
Fund balances – beginning	$ 4,444,150	$ 6,066,174
Fund balances – ending	$ 6,066,174	$ 3,155,268

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 16 to 31 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:	$ 2,641	(Prepaid Expenses)
Restricted:	$ 236,901	(Debt Covenants)
Committed:	$ 374,525	(Center Point, Expo, Tullamore)
Assigned:	$ 1,598,746	(EPF-S/C)
Unassigned:	$ 942,455	(Operating Budget and Discretionary)

At the end of FY 2021, the Agency reported combined ending fund balances of $3,155,268 a decrease of $2,910,906 over the prior year due to payments in the EPF district for completed sewer projects.

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 $94,140 or $98,860 under the FY 2021 budget of $193,000.

Overall, the total budget was underspent by $2,130,379 due to increased development resulting in increased property tax revenues and the timing of payment(s) upon project completion. This variation between the final and actual budget amount will not have a negative impact on future services or liquidity.

CAPITAL ASSETS AND DEBT ADMINISTRATION

During the fiscal year 2021, the Agency had no additions to capital assets.

Long-term Debt

At the end of FY 2021 the Post Falls Urban Renewal Agency had outstanding debt totaling $1,398,020 for project financing from Washington Trust Bank.

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 or entrepreneurs seeking to start new businesses. The favorable business climate and the financial stability of the State of Idaho continue 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 investments in several Urban Renewal districts is expanding as new buildings are being built, and should enable the Agency to continue to aggressively pay down debt and reduce proponent obligations, providing the opportunity to close-out some districts prior to their expiration date.

- 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 Commissions 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 and, over the past several years, has also reduced staff and related expenses. As the Commission continues to close several existing Urban Renewal Districts prior to their maturity, funding generated from administrative fees will be reduced. Although this will have an impact on the General Fund balance 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 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 2022 fiscal year. In FY 2016, the Agency transferred $85,381 from the general fund in order to maintain a relatively low annual administrative fee that it allocates to each urban renewal district to meet its general operating expenses. 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 and in FY2020 $21,181 was transferred. In FY 2021 the Agency was able to transfer $65,890 to the General Fund due to a reduction in operation expenses.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Post Falls Urban Renewal Agency for all those with an interest in the Agency's finances. 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.

BASIC FINANCIAL STATEMENTS

POST FALLS URBAN RENEWAL AGENCY
Statement of Net Position
September 30, 2021

ASSETS		
Cash and Cash Equivalents	$	9,576
Equity in State Treasurer Investment Pool		3,218,810
Interest Receivable		3,000
Property Taxes Receivable		152,767
Prepaid Insurance		2,641
Capital Assets, net of accumulated depreciation		-
Other Assets:		
Restricted Investments		236,901
Net Pension Asset		1,070
Total Assets		3,624,765
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan		16,602
Total Deferred Outflows of Resources		16,602
LIABILITIES		
Accounts Payable		204,323
Accrued Contingent Liability		115,749
Accrued Wages		1,749
Accrued Vacation		2,723
Accrued Interest		5,458
Current Portion of Long Term Debt		893,804
Long-term Liabilities		
Long Term Debt (net of current portion)		504,216
Total Liabilities		1,728,022
DEFERRED INFLOWS OF RESOURCES		
Pension plan		35,304
Total Deferred Inflows of Resources		35,304
NET POSITION		
Net Investment in Capital Assets		-
Restricted for Debt Covenants		236,901
Unrestricted		1,641,140
Total Net Position	$	1,878,041

See accompanying notes to financial statements
and independent auditors report

POST FALLS URBAN RENEWAL AGENCY
Statement of Activities
Year Ended September 30, 2021

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities
Functions/Programs					
Governmental Activities					
Tax Increment Expense	$7,133,235	$ -	$ -	$ -	$ (7,133,235)
General Government	94,140	-	-	-	(94,140)
Pension Plan Expense/(Revenue)	(13,547)	-	-	-	13,547
Total Governmental Activities	$7,213,828	$ -	$ -	$ -	(7,213,828)
			General Revenues:		
			Property Taxes		5,190,551
			Penalties and Late Fees		18,121
			Interest/Investment Income		5,496
			Administrative Charges to Districts		175,000
			Total general revenues		5,389,168
			Change in Net Position		(1,824,660)
			Net position-beginning		3,702,701
			Net position-ending		$ 1,878,041

See accompanying notes to financial statements and independent auditors report

POST FALLS URBAN RENEWAL AGENCY
Balance Sheet
Governmental Fund
September 30, 2021

ASSETS		
Cash and Cash Equivalents	$	9,576
Equity in State Treasurer Investment Pool		3,218,810
Restricted Investments		236,901
Interest Receivable		3,000
Property Tax Receivable		152,767
Prepaid Insurance		2,641
Total Assets	$	3,623,695
LIABILITIES		
Accounts Payable	$	204,323
Accrued Contingent liability		115,749
Payroll Liabilities		4,472
Total Liabilities		324,544
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - property taxes		143,883
Total Deferred Inflows of Resources		143,883
FUND BALANCES (DEFICITS)		
Nonspendable:		
Prepaid Expenses		2,641
Restricted:		
Debt Covenants		236,901
Committed:		
Center Point		196,628
Expo		(418)
Technology District		175,577
Tullamore		2,682
Tullamore Commons II		56
Assigned:		
East Post Falls - South/Central		1,598,746
Unassigned:		942,455
Total Fund Equity		3,155,268
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$	3,623,695

See accompanying notes to financial statements and independent auditors report

POST FALLS URBAN RENEWAL AGENCY
Reconciliation of the Balance Sheet
to the Statement of Net Position
September 30, 2021

Total fund balances at September 30, 2021 - Governmental Funds		$ 3,155,268
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:		
Cost of capital assets at September 30, 2021	1,714	
Less: Accumulated depreciation as of September 30, 2021	(1,714)	-
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore, are not reported in the funds:		
Deferred outflows of resources-pension plan		16,602
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Elimination of unavailable revenue - property taxes		143,883
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:		
Deferred inflows of resources-pension plan		(35,304)
Some assets and liabilities are not available, due or payable in the current period and therefore, are not reported in the funds. Those assets/liabilities consist of:		
Net pension asset (liability)	1,070	
Note payable	(1,398,020)	
Accrued interest	(5,458)	(1,402,408)
Net position of governmental activities at September 30, 2021		$ 1,878,041

See accompanying notes to financial statements and independent auditors report

POST FALLS URBAN RENEWAL AGENCY
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Year Ended September 30, 2021

Revenues		
Property Taxes	$	5,075,077
Penalties and Late Fees		18,121
Interest and Investment Earning		5,496
Administrative Charges to Districts		175,000
Total Revenues		5,273,694
Expenditures		
Tax Increment Expenses		7,058,396
General Government		94,140
Debt Service:		
Principal		952,398
Interest		79,666
Total Expenditures		8,184,600
Excess (Deficiency) of Revenues Over Expenditures		(2,910,906)
Other Financing Sources (Uses)		
Other Financing Sources		-
Total Other Financing Sources (Uses)		-
Net Change in Fund Balance		(2,910,906)
Fund Balance - October 1,		6,066,174
Fund Balance - September 30,	$	3,155,268

See accompanying notes to financial statements and independent auditors report

POST FALLS URBAN RENEWAL AGENCY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
Year Ended September 30, 2021

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

Net Change in Fund Balances - total governmental funds	$ (2,910,906)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	115,474
The issuance of long-term debt (e.g., bonds, leased) provides current financial resources to governmental funds, while the repayment of the principal of ling-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal Payments	952,398
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in Pension Plan Balances	13,547
Decrease in accrued interest	4,827
The net pension effect related to the pension expense recognized for the year.	
Change in net position of governmental activities	$ (1,824,660)

See accompanying notes to financial statements and independent auditors report

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Post Falls Urban Renewal Agency (the "Agency") have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity
Post Falls Urban Renewal Agency is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body.

The accompanying financial statements include all aspects controlled by the Board of Commissioners of Post Falls Urban Renewal Agency. The Agency is included in the City of Post Falls, Idaho financial reporting based on certain criteria in GASB Statement No. 14. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Post Falls, Idaho in conformity with GAAP.

Under the Idaho Code, in May 1991, the Post Falls City Council passed an ordinance that created the Post Falls Urban Renewal Agency. The Agency was established to promote urban development and improvement in and around the City of Post Falls. The Agency is governed by a board of seven commissioners. Under the Idaho Code, the Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the revenues attributable to tax increment financing. Any bonds issued are not a debt of the City. Post Falls City Council is not responsible for approving the Agency budget or funding any annual deficits. The Agency controls disbursements independent of City Council.

The Board of Commissioners is the decision-making authority that determines by formal vote whether funds are to be restricted, committed, or assigned and only the Board can determine any change in fund status by the same type of formal vote.

Basic Financial Statements
Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. The accounts of the Agency are organized on the basis of only one governmental fund. The general fund is the only fund used by the Agency. The Agency does not have any business-type activities. Therefore, both the government-wide and the fund financial level consist of only the Agency's general fund.

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. The fund financial statements consist of the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. A reconciliation between the government-wide financial statements and the fund financial statements is also presented.

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Agency considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, expenditures related to debt service, are recorded when payment is due. Expenditure recognition occurs in the accounting period in which the liability is incurred if measurable. Principal and interest on general long-term debt are recognized as fund liabilities when due, or when amounts have been accumulated (if appropriate) in a debt service fund for payments to be made in the following year.

Property taxes, interest income, and various other revenues 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 Agency.

Cash and Cash Equivalents
In the governmental funds, cash received by the Agency is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements. For presentation in the financial statements, cash and cash equivalents includes cash on hand, amounts due from banks, and investments with an original maturity of three months or less at the time they are purchased by the Agency. Investments with an initial maturity of more than three months are reported as investments.

Investments
Investments are comprised principally of time certificates of deposit. Cost at September 30, 2021 materially approximates fair value. Investments on hand at September 30, 2021 meet the guidelines as set by regulations of the State of Idaho. These guidelines include certificates of deposit placed with commercial banks and savings and loans.

Receivables
All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance for uncollectibles for property taxes was -$0- at September 30, 2021. When an urban renewal district closes, any uncollected taxes as of the date of closure related to those districts are no longer received by the Agency.

Prepaid Expenses
Prepaid expenses consist of prepaid insurance.

Capital Assets
Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using a straight-line depreciation method over a five to seven year life.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Agency has one item, pension plan, which is reported in the government-wide statement of net position and qualifies for reporting in this category at this time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has two items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The other item, pension plan, is reported in the government-wide statement of net position. These amounts are deferred and recognized as inflows of resources in the period that the amounts becomes available.

Compensated Absences

The Agency has a policy for vacation pay. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Agency will compensate the employees for the benefits through paid time off or some other means. The Agency records a liability for accumulated unused vacation time when earned for all employees who qualify. These benefits fall on the employee's anniversary date of hire at the following rates:

Years Employed	Full Time Hours per Month	Part Time Rate Per Hour
0 - 5	6.67	.0385
5 +	10	.0577

Upon termination of employment from the Agency, employees will be compensated for unused vacation leave at the rate of one paid day for each day of current accrued vacation leave subject to a maximum accumulation of 120 hours at the end of each fiscal year. The liability for accumulated vacations ($2,723 at September 30, 2021) for governmental fund types, which represents normal accumulations, is recorded on the government-wide statement of net position.

Accumulated sick leave lapses when employees leave the employ of the government and, upon separation from service, no monetary obligation exists.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund, when due, or when resources have been accumulated in the general fund for payment early in the following year. 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. The remaining portion of such obligations is maintained separately and represents a reconciling item between the fund and agency-wide presentation.

Pensions
For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position Flow Assumptions
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions
Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies
Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a committed (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing Agency commission is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes that do not meet the criteria to be classified as committed. The commission may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund balances of the governmental funds are classified as follows in the fund financial statements:

> Nonspendable—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
>
> Restricted—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.
>
> Committed—Amounts that can be used only for specific purposes determined by a formal action by the Board of Commissioners by resolution.
>
> Assigned—Amounts that are designated by the Board of Commissioners for a specific purpose but are not spendable until a budget resolution is passed by the Board of Commissioners.
>
> Unassigned—All amounts not included in other spendable classifications.

Property Tax and Unavailable Property Tax Revenues
Property taxes are levied by taxing agencies each November on the assessed value listed as of the previous December tax rolls. Assessed values are an approximation of market value. Assessed values are established by the County Assessor. The County Treasurer remits the appropriate collected taxes to the Agency on a monthly basis.

Property taxes are recognized when measurable and available to finance current expenditures. The criterion of available has been defined as having been received within 60 days after year-end. Any portion of taxes receivable not meeting this criteria are recorded in the deferred inflows of resources for unavailable property taxes account and will be recognized as revenue when measureable and available.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

General
State statutes authorize the Agency's investments. The Post Falls Urban Renewal Agency is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss.

As of September 30, 2021, the Agency's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:	
Amount insured by FDIC or other agencies	$ 247,611
Deposits with exposure to custodial credit risk:	
Amount collateralized with securities held in trust, but not in the Agency's name -	3,231,078
Uninsured and uncollateralized	-
Total bank balance (deposits)	$ 3,478,689

The carrying amount is displayed as follows in the financial statements:	
Statement of net position	
Cash and cash equivalents	$ 9,576
Equity in the State Investment Pool	3,218,810
Investments	236,901
	$ 3,465,287

Cash and Cash equivalents at September 30, 2020 consist of the following:	
Cash	
Deposits with financial institutions	$ 9,576
Equity in State Investment Pool at September 30, 2021, consist of the following	
Cash equivalents	
Idaho State Investment pool deposits	3,218,810
Investments at September 30, 2021, consist of the following:	
Certificates of deposit, maturity greater than 90 days	236,901
	$ 3,465,287

State Investment Pool

Investments in 2a7-like pools are valued based upon the value of pool shares. The Agency invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. GASB Statement No. 3 requires the Agency to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. The Pool has not been assigned a risk category since the Agency is not issued securities, but rather it owns an undivided beneficial interest in the assets of the Pool. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body nor are any balances insured by the Federal Deposit Insurance Corporation. Financial reports are available from the Idaho State Treasurer's Office upon request.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

The balances above that the Agency has in the State Investment Pool are carried at amortized cost and calculated on a monthly basis. The Agency's portion of the State Investment Pool had an unrealized gain of $22,215 as of September 30, 2021.

State statutes authorize the Agency to invest in U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, government pools, and money market funds consisting of any of these securities listed. No unauthorized investment transactions were carried out by the Agency during the year.

GASB Statement No. 40 requires the Agency to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The short term investment pools are not evidenced by securities that exist in physical or book entry form and accordingly, are not categorized for credit risk.

NOTE 3 – RECEIVABLES

The following is a schedule of property taxes assessed for the year, collected and remaining to be received.

Year	Beginning Balance	Assessments Levied	Adjustments & Collections	Ending Balance
2007-2021	$ 39,068	$ 5,079,048	$ (4,965,349)	$ 152,767

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as unavailable revenue - property taxes. The balance as of September 30, 2021 is as follows:

Taxes Due at September 30, 2021	$ 152,767
Received October 2021	(7,974)
Received November 2021	(910)
Unavailable revenue - property taxes	$ 143,883

See accompanying independent auditors report

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Office Furniture	$ 1,714	$ -	$ -	$ 1,714
Less Accumulated Depreciation	(1,714)	-	-	(1,714)
Capital Assets, Net	$ -	$ -	$ -	$ -

Depreciation expense was $0 for the year ended September 30, 2021.

NOTE 5 – LONG-TERM OBLIGATIONS & COMMITMENTS

Watson and Associates (Expo) – During the 2007 fiscal year, the Agency entered into a Settlement Agreement with Watson and Associates for the Expo Urban Renewal District. The initial reimbursement agreement was in the amount of $4,702,827. Under this Agreement, the Agency will reimburse the approved cost of infrastructure improvements made within the Expo Urban Renewal District. Seven (7) separate cost submittals totaling $4,365,983 have been approved. In March 2014, financing cost reimbursements totaling $96,509 was approved. It is anticipated that as infrastructure improvements are completed, further reimbursement requests will be made. The Agency is only obligated to reimburse Watson and Associates from tax increment revenues of the Agency generated within the district. The Agency receives tax 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. Of the total amount the Agency has agreed to reimburse, $3,548,055 was reimbursed in previous fiscal years, and $463,260 was reimbursed in fiscal year 2021, leaving a balance of $451,177.

Copper Basin Construction, Inc (Tullamore) – During the 2008 fiscal year, the Agency entered into an Owner Participation Agreement (OPA) with Tullamore Properties, LLC. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the East Post Falls Urban Renewal District totaling $2,724,027. In FY 2014 the Agency entered into an OPA with Copper Basin Construction, Inc.

During fiscal year 2016 reimbursements totaling $1,741,887 were approved and added to the obligation. During fiscal year 2018 reimbursements totaling $2,033,046 were approved and added to the obligation. The Agency is only obligated to reimburse Tullamore Properties, LLC if tax increment revenues of the Agency, directly resulting from the project improvements made by Tullamore Properties, LLC 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. Of the total amount the Agency has agreed to reimburse, $4,605,151 was reimbursed in previous fiscal years, and $1,107,007 was reimbursed in fiscal year 2021, leaving a balance of $786,802.

NOTE 5 – LONG-TERM OBLIGATIONS & COMMITMENTS (CONTINUED)

Tullamore Commons II, LLC (East Post Falls) – During the 2013 fiscal year, the Agency entered into an Owner Participation Agreement with Tullamore Commons II, LLC. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the East Post Falls Urban Renewal District in an amount not to exceed $325,000. The Agency is only obligated to reimburse Tullamore Commons II, LLC if tax increment revenues of the Agency, directly resulting from the project improvements made by Tullamore Commons II, LLC 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. Of the total amount the Agency has agreed to reimburse, $153,002 was reimbursed in previous fiscal years, and $22,163 was reimbursed in fiscal year 2021, leaving a balance of $149,835.

Pointe Partners, LLC (Center Point) – During the 2013 fiscal year, the Agency entered into an Owner Participation Agreement with Point Partners, LLC. Under this agreement, the Agency will reimburse the cost of infrastructure improvements made within the Center Point Urban Renewal District. The Agency is only obligated to reimburse Pointe Partners, LLC if tax increment revenues of the Agency, directly resulting from the project improvements made by Pointe Partners, LLC 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. Of the initial reimbursement request, $3,552,954 was approved in fiscal year 2012 for reimbursement, $3,422,806 was approved in fiscal year 2013 for reimbursement, $91,554 was approved in fiscal year 2015 for reimbursement, $497,313 was approved in fiscal year 2018 and $573,947 was approved in FY 2021 for reimbursement totaling approved reimbursements of $8,138,574. Of the total amount the Agency has agreed to reimburse, $7,547,637 was reimbursed in previous fiscal years, and $590,937 was reimbursed in fiscal year 2021. $56,156 is being held for future reimbursement of public infrastructure.

Beyond Green, Inc (Post Falls Technology) - The Post Falls Technology District Plan was approved by City Council on October 16, 2018. The main focus of this District is a 335 acre Technology Park (Inland NW Tech Park) located on the northwest corner of Highway 41 and Prairie Avenue and a 50 acre Regional Shopping Center (41 Prairie Retail Center) located on the northeast corner of Highway 41 and Prairie Avenue. The Agency entered into an Owner Participation and Reimbursement Agreement (OPA) with the proponent (Beyond Green, Inc. on February 12, 2019. There are projects slated to begin in the near future, but to date nothing has been built in the Tech Park or Shopping Center.

In August 2021 the Agency reimbursed the proponent for the prepaid cost of $15,000 for the urban renewal plan as outlined in the OPA.

NOTE 5 – LONG-TERM OBLIGATIONS & COMMITMENTS (CONTINUED)

East Post Falls (EPF) District – On May 20, 2021 the Agency entered into two separate Memorandum of Understanding's (MOU's) with the City of Post Falls. One MOU states that the Agency will reimburse the City for Traffic Signals on Highway 41 totaling $1,014,711.75. The other MOU is for intersection improvements at Cecil and Poleline and Cecil and Mullan. The City understands the Agency's financial obligations under these Agreements will be satisfied after obligations to proponents within the District have been made including repayment of the Agency's outstanding bonds for the Greensferry Overpass. Upon completion of the Cecil Rd intersection improvements a construction summary and copies of all third-party invoices will be presented to the Agency for reimbursement not to exceed $1,410,000. At September 30, 2021, previously approved sewer projects totaling $6.3M had an outstanding balance of $1,494,209.

East Post Falls District Accrued Contingent Liability:
The City of Post Falls entered into an agreement with the Idaho Transportation Department to share the cost of transportation improvements at State Highway 41 and Poleline Avenue, and at Highway 41 and 16th Avenue. These improvements are consistent with transportation improvements set forth in the Agency's approved urban renewal plan for the East Post Falls Urban Renewal District and are designed to facilitate economic growth and improve transportation safety.

On May 20, the Agency entered into a Memorandum of Understanding (MOU) with the City of Post Falls wherein the Agency agreed subject to specific conditions, to reimburse a portion of the improvement costs using tax increment dollars arising from the East Post Falls District.

The Agency's financial obligations under this MOU are subject to the full repayment of all of the Agency's existing debt for the construction of the Greensferry overpass and full repayment of all obligations to proponents within the District for reimbursement of approved public improvements.

The Agency's obligations under the MOU are also contingent on the transportation improvements being completed and approved by the City with all costs fully documented and approved by the Agency. Additionally, since the East Post Falls urban renewal district has a finite life, the obligations are also contingent on this process being completed on or before August 31, 2022. The City of Post Falls has acknowledged that any costs or other obligations associated with the transportation improvements which are not documented and provided to the Agency by August 31, 2022 will not be reimbursed and will not be an obligation or liability of the Agency.

Lease –
The Agency also leases its office space. The term of the lease is 36 months beginning October 1, 2015 with annual payments of $7,740. Rent expense for the year ended September 30, 2019 was $7,740. This lease was renewed in September 2018 for three years beginning October 1, 2018 under the same terms.

NOTE 5 – LONG-TERM OBLIGATIONS & COMMITMENTS (CONTINUED)

Revenue Allocation Note –
In October 2013, the Post Falls Urban Renewal Agency signed loan documents for a Revenue Allocation Note, Series 2013 (the "Note") in the amount up to $13,000,000. The Note is subject to a tax exempt rate of 3.10% per annum from the date of the first draw under the Note through September 23, 2018. On September 24, 2018, the annual interest rate was reset to 3.75%. The original terms of the Note were amended on September 18, 2014 wherein the first payment due date was changed to September 1, 2015. The Note shall be payable in semi-annual payments, consisting of principal and accrued interest, commencing on September 1, 2015, continuing thereafter on the 1st day of each March and September until September 1, 2023. Payments made on March 1 and September 1 will be in the amount of $469,000 each. The Post Falls Urban Renewal Agency has established and maintains a Reserve Fund in the amount of $236,901 at Washington Trust Bank pursuant to loan covenant which requires a 10% reserve fund.

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Principal Payments	Ending Balance
Notes payable - Revenue Allocation Note	$ 2,350,418	$ -	$ 952,398	$ 1,398,020
Less current portion of long-term debt				(893,804)
Total long-term liabilities, net of current portion				504,216

Debt service requirements for the following years will be as follows:

Year Ended September 30	Principal	Interest	Total
2022	893,804	44,196	938,000
2023	504,216	10,364	514,580
	$ 1,398,020	$ 54,560	$ 1,452,580

Interest Included as Direct Expense
Interest expense of $79,666 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related. Interest is reported in the following governmental functions as direct expenses on the Statement of Activities:

Governmental Function	District	Interest
Tax Increment Expense	East Post Falls	$ 79,666

NOTE 6 – RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Agency contracts with an insurance company, Idaho Counties Risk Management Program (ICRMP), for property insurance and general liability insurance.

An outside insurance company protects professional liability with a $2,000,000 liability and a $3,000,000 umbrella. Errors and omissions liability has a $2,000,000 liability with $2,000,000 in the aggregate annually per insured. Automobile liability has a $2,000,000 single limit of liability.

The Agency's workman's compensation coverage is provided by the Idaho State Insurance Fund. During fiscal year 2020/21, the Agency contributed $150 for this insurance coverage.

NOTE 7 – PENSION PLAN

Plan Description

The Post Falls Urban Renewal Agency contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The Agency's contributions were $6,107 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the Agency reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the Agency's proportion was 0.00135418%.

For the year ended September 30, 2021, the Agency recognized pension benefit of $13,547. At September 30, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,576	$ 622
Changes in assumptions or other inputs	12,277	-
Net difference between projected and actual earnings on pension plan investments	-	33,592
Change in the Agency's proportion and differences between the Agency's contributions and the Agency's proportionate contributions	5,840	43,598
Amortized change in prior year's proportionate share	(4,624)	(42,508)
Agency's contributions subsequent to the measurement date	1,533	-
Total	$ 16,602	$ 35,304

$1,533 reported as deferred outflows of resources related to pensions resulting from Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019, the beginning of the measurement period ended June 30, 2020 is 4.8 and 4.6 for the measurement period June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30:	
2022	(748)
2023	(1,182)
2024	(863)
2025	(7,469)

NOTE 7 – PENSION PLAN (CONTINUED)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation*	3.05%
Investment rate of return**	6.35%
Cost-of-living adjustments	1.00%

**net of pension plan investment expense*
***there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on years of service*

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System’s asset allocation. The assumptions and the System’s formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System’s assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2021.

NOTE 7 – PENSION PLAN (CONTINUED)

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
Core Fixed Income	30.00%	1.80%	-0.20%
Broad US Equities	55.00%	8.00%	6.00%
Developed Foreign Equities	15.00%	8.25%	6.25%
Assumed Inflation - Mean		2.00%	2.00%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.18%	4.18%
Portfolio Standard Deviation		12.29%	12.29%
Portfolio Long-Term (Geometric) Expected Rate of Return		5.55%	3.46%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.15%	3.06%
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05%
Assumed Inflation			2.30%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			**6.35%**

NOTE 7 – PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 6.35%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	$ 37,178	$ (1,070)	$ (32,422)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

REQUIRED SUPPLEMENTARY INFORMATION

POST FALLS URBAN RENEWAL AGENCY
SCHEDULE OF AGENCY'S SHARE OF NET PENSION LIABILITY
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	9/30/2016	9/30/2015
Agency's portion of the net pension liability	0.0013542%	0.0013486%	0.0013350%	0.0015298%	0.0011755%	0.0036291%	0.0036032%
Agency's proportionate share of the net pension liability (asset)	$ (1,070)	$ 31,316	$ 15,239	$ 22,565	$ 18,477	$ 73,567	$ 47,448
Agency's covered-employee payroll	$ 51,149	$ 48,734	$ 45,734	$ 48,612	$ 39,445	$ 89,739	$ 101,295
Agency's proportional share of the net pension liability as a percentage of its covered-employee payroll	-2.09%	64.26%	33.32%	46.42%	46.84%	81.98%	46.84%
Plan fiduciary net position as a percentage of the total pension liability	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Post Falls Urban Renewal Agency will present information for those to use for which information is available.

Data reported is measured as of June 30, 2021

SCHEDULE OF AGENCY'S CONTRIBUTIONS
PERSI - Base Plan
Last 10 - Fiscal Years *

	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	9/30/2016	9/30/2015
Statutorily required contribution	$ 5,347	$ 5,291	$ 5,108	$ 5,941	$ 3,964	$ 10,788	$ 11,786
Contributions in relation to the statutorily required contribution	$ (6,107)	$ (5,808)	$ (5,208)	$ (5,647)	$ (4,189)	$ (12,180)	$ (11,575)
Contribution (deficiency) excess	$ (760)	$ (516)	$ (99)	$ 294	$ (225)	$ (1,392)	$ 211
Agency's covered-employee payroll	$ 51,149	$ 48,734	$ 45,734	$ 48,612	$ 39,445	$ 89,739	$ 101,295
Contributions as a percentage of covered-employee payroll	11.94%	11.92%	11.39%	11.62%	10.62%	13.57%	11.43%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Post Falls Urban Renewal Agency will present information for those to use for which information is available.

Data reported is measured as of June 30, 2021

*See accompanying notes
and independent auditors report*

POST FALLS URBAN RENEWAL AGENCY
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – Governmental Fund Types
Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	$ 4,729,446	$ 4,729,446	$ 5,075,077	$ 345,631
Penalties and Late Fees	-	-	18,121	18,121
Interest and Investment Earnings	18,000	18,000	5,496	(12,504)
Other Income	-	-	175,000	175,000
Total Revenues	4,747,446	4,747,446	5,273,694	526,248
Expenditures				
General Government	193,000	193,000	94,140	98,860
Tax Increment Expense	8,657,731	8,657,731	7,058,396	1,599,335
Debt Service:				
Principal	886,723	886,723	952,398	(65,675)
Interest	51,277	51,277	79,666	(28,389)
Total Expenditures	9,788,731	9,788,731	8,184,600	1,604,131
Excess (Deficiency) of Revenues Over Expenditures	(5,041,285)	(5,041,285)	(2,910,906)	2,130,379
Other Financing Sources (Uses)				
Other Financing Sources	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(5,041,285)	(5,041,285)	(2,910,906)	2,130,379
Fund Balance - Beginning	6,066,174	6,066,174	6,066,174	-
Fund Balance - Ending	$ 1,024,889	$ 1,024,889	$ 3,155,268	$ 2,130,379

See accompanying notes and independent auditors report

POST FALLS URBAN RENEWAL AGENCY
Notes to the Budget and Actual Schedule
Year Ended September 30, 2021

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation.

Reported budgeted amounts are as originally adopted or as amended by the Board. Professional management cannot legally amend appropriations within the budget without first seeking Board approval once the budget has been approved.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

REPORT REQUIRED BY GAO

INDEPENDENT AUDITORS' 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*

Board of Commissioners
Post Falls Urban Renewal Agency
Post Falls, ID

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 of the Post Falls Urban Renewal Agency, a component unit of the City of Post Falls, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Post Falls Urban Renewal Agency's basic financial statements and have issued our report thereon dated January 6, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Post Falls Urban Renewal Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Post Falls Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Post Falls Urban Renewal Agency's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Post Falls Urban Renewal Agency'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 financial statements. 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.

Anderson Bros

Anderson Bros. CPAs
Post Falls, Idaho
January 6, 2022