THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

Urban Renewal Agency
Agenda

Monday, March 20, 2023, 12:00 PM

Council Chambers
203 Main Avenue East- Twin Falls, Idaho

Members: Rudy Ashenbrener, Andy Hohwieler, Dan Brizee, Jan Rogers, JJ McBride, Dave McAlindin, Eric Smallwood

1) Confirmation of Quorum/Call Meeting to Order
2) Conflict of Interest Declaration
3) Consent Calendar
   a) **ACTION ITEM:** Request to approve 1) Minutes for the February 22, 2023 meeting; 2) February 2023 Financial Report, and 3) March 2023 Accounts Payable.
   By: Lorrie Bauer, Administrative Assistant
4) Reports/Updates
   a) **INFORMATIONAL:** Executive Director's Report
   By: Shawn Barigar, Executive Director
5) Items of Consideration
   a) **PRESENTATION:** Presentation of the 2022 Annual Report followed by a Request for Public Comment.
   By: Shawn Barigar, Executive Director
   b) **ACTION ITEM:** Consider approval of Resolution No. 2023-03 authorizing the filing of the 2022 Annual Report per Idaho Law.
   By: Shawn Barigar, Executive Director
   c) **ACTION ITEM:** Consider approval of a Lease renewal for tenants at Agency-owned property located at 139 3rd Ave S.
   By: Shawn Barigar, Executive Director
   d) **ACTION ITEM:** Consider approval of Resolution No. 2023-04 to transfer real property, map reference #11-13, owned by the Agency to the City of Twin Falls by Quitclaim Deed.
   By: Shawn Barigar, Executive Director
6) Public Input and Announcements
7) Upcoming Meeting(s)
   a) April 17, 2023, @ 12:00 pm.
8) Executive Session

a) **ACTION ITEM:** Executive Session pursuant to Idaho Code Section 74-206(1)(d) to consider records that are exempt from disclosure as provided in Chapter 1, Title 74, Idaho Code and Idaho Code 74-206(1)(c) to acquire an interest in real property not owned by a public agency.

9) Adjournment

Any person(s) needing special accommodations to participate in the above-noticed meeting could contact Lorrie Bauer (208) 735-7313 at least two working days before the meeting. Si desea esta información en Español, por favor llame a Josh Palmer al teléfono (208) 735-7312.

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Urban Renewal Agency
Minutes

Wednesday, February 22, 2023, 12:00 PM

Council Chambers
203 Main Avenue East- Twin Falls, Idaho

Members: Rudy Ashenbrener, Andy Hohwieler, Dan Brizee, Jan Rogers, JJ McBride, Dave McAlindin, Eric Smallwood

1) Confirmation of Quorum/Call Meeting to Order

Present:	Rudy Ashenbrener, JJ McBride (via phone), Andy Hohwieler, Dan Brizee, Eric Smallwood, Dave McAlindin
Absent:	Jan Rogers
Staff Present:	Lorrie Bauer, Administrative Assistant; Jesse Schuerman, Staff Engineer; Jonathan Spendlove, Planning & Zoning Director; Ruth Pierce, City Council Liaison

Chair Ashenbrener called the meeting to order at 12:02 PM. A quorum was present.

2) Conflict of Interest Declaration

None.

3) Consent Calendar

a) Request to approve 1) Minutes for the January 18, 2023 meeting; 2) Minutes for the January 30, 2023 meeting; 3) January 2023 Financial Report, and 4) February 2023 Accounts Payable.
MOTION: Eric Smallwood moved to approve the consent calendar as presented. Andy Hohwieler seconded the motion. Roll call vote showed all members present voted in favor of the motion. Approved 6 to 0.

4) Reports/Updates

a) Executive Director's Report
Substituting for Travis Rothweiler, Jonathan Spendlove summarized the report that was included in the agenda packet.

5) Items of Consideration

a) Presentation and Request for Approval of the FY2022 Audited Financial Statements.
Scott Hunsaker of Mahlke Hunsaker & Company reported the audit findings. An unqualified opinion was given, which means no issues were found and it was a clean report. Discussion ensued.
MOTION: Andy Hohwieler moved to approve the FY2022 Audited Financial Statements. Eric Smallwood seconded the motion. Roll call vote showed all members present voted in favor of the motion. Approved 6 to 0.

b) Consider tentative approval of the draft 2022 Annual Report and instruct staff to schedule final approval for March 20, 2023, to include comments from the public.
Jonathan Spendlove summarized the report that was included in the agenda packet. The report includes accomplishments of the past year and the audit. Discussion ensued.

MOTION: Andy Hohwieler moved to tentatively approve the draft 2022 Annual report and instructed staff to schedule the final approval for March 20, 2023, to include public comment. Dave McAlindin seconded the motion. Roll call vote showed all members present voted, approved 6 to 0.

c) Consider approval of the demolition bid from Rocky Mountain Transport and Excavation for an amount up to $43,687.50 for the building demolition of agency-owned property located at 164 3rd Avenue S.
Jesse Schuerman shared the results from the request for bids in which Rocky Mountain Transport and Excavation was the low bidder at $34,950. Due to a hazardous material investigation being required by the City Building Department, he asked for an additional 25% contingency to allow for the proper removal of any hazardous waste found and other unforeseen costs not included within the contract. Discussion ensued.
MOTION: Eric Smallwood moved to approve the demolition bid from Rocky Mountain Transport and Excavation for an amount up to $43,687.50 for the building demolition of an agency-owned property located at 164 3rd Avenue S. Dave McAlindin seconded the motion. Roll call vote showed all members present voted in favor of the motion. Approved 6 to 0.

6) Public Input and Announcements
None.

7) Upcoming Meeting(s)

a) March 20, 2023, @ 12:00 pm.

8) Executive Session

a) Executive Session pursuant to Idaho Code Section 74-206(1)(d) to consider records that are exempt from disclosure as provided in Chapter 1, Title 74, Idaho Code and Idaho Code 74-206(1)(c) to acquire an interest in real property not owned by a public agency.
MOTION: Andy Hohwieler moved to enter executive session pursuant to Idaho Code Section 74-206(1)(d) to consider records that are exempt from disclosure as provided in Chapter 1, Title 74, Idaho Code and Idaho Code 74-206(1)(c) to acquire an interest in real property not owned by a public agency. Eric Smallwood seconded the motion. Roll call vote showed all members present voted in favor of the motion. Approved 6 to 0. The public portion of the meeting ended at 12:33 pm. The meeting will not return to open session. Chair Ashenbrener did not attend the executive session due to a potential conflict.

9) Adjournment
The meeting adjourned at 1:54 pm.

Lorrie Bauer, Administrative Assistant

Urban Renewal Agency of the City of Twin Falls, ID
Profit & Loss
February 2023

		Feb 23
Ordinary Income/Expense		
Income		
Contributions		143,731.07
Investment Income		12,139.53
Property Taxes		15,272.21
Rental Income		4,483.33
Total Income		175,626.14
Gross Profit		175,626.14
Expense		
General Development Projects		41,741.25
RAA 4-1		
Other Properties/Projects	7,022.00	
Total RAA 4-1		7,022.00
Legal Expense		7,186.00
Meeting Expense		358.70
Total Expense		56,307.95
Net Ordinary Income		119,318.19
Net Income		**119,318.19**

Urban Renewal Agency of the City of Twin Falls, ID
P&L Over (Under) Budget - YTD
October 2022 through February 2023

	Oct '22 - Feb 23	Budget
Ordinary Income/Expense		
Income		
Contributions	143,731.07	50,000.00
Investment Income	56,885.08	5,410.00
Other Income	0.00	150,000.00
Property Taxes	5,566,660.97	7,680,023.00
Rental Income	20,786.65	30,000.00
Total Income	5,788,063.77	7,915,433.00
Gross Profit	5,788,063.77	7,915,433.00
Expense		
General Development Projects	79,892.54	
RAA 4-1		
2nd Ave & Hansen Project	1,724.28	
City Property Expense		
Commons (129 Hansen) & Main	8,417.10	
Bowyer Park (122 4th Ave S)	19.86	
Total City Property Expense	8,436.96	
Downtown Art	5,261.50	
Youth Ranch (160 Main Ave S)	241,567.50	
Downtown Development	3,500.00	
Other Properties/Projects	1,524,434.02	4,192,000.00
Total RAA 4-1	1,784,924.26	4,192,000.00
RAA 4-3 (Chobani)		
Debt Pay. (Chobani) Interest	0.00	1,319,283.00
Debt Pay. (Chobani) Principal	0.00	2,310,000.00
Total RAA 4-3 (Chobani)	0.00	3,629,283.00
RAA Orchard Dr East	-8,525.00	
Bond Trustee Fees	0.00	5,000.00
Community Relations & Website	0.00	500.00
Debt Payments - Interest	0.00	557,150.00
Debt Payments - Principal	0.00	740,000.00
Dues and Subscriptions	4,600.00	5,000.00
Insurance Expense	1,851.00	1,889.00
Legal Expense	42,406.33	65,000.00
Management Fee	208,000.00	208,000.00
Meeting Expense	856.03	2,500.00
Miscellaneous	0.00	500.00
Office Expense	8.00	500.00
Professional Fees	0.00	30,000.00
Property Tax Expense	3,666.40	
Total Expense	2,117,679.56	9,437,322.00
Net Ordinary Income	3,670,384.21	-1,521,889.00
Other Income/Expense		
Other Income		
Transfers In	0.00	4,278,333.00
Transfers Out	0.00	-4,278,333.00
Total Other Income	0.00	0.00
Net Other Income	0.00	0.00
Net Income	**3,670,384.21**	**-1,521,889.00**

Urban Renewal Agency of the City of Twin Falls, ID
P&L Over (Under) Budget - YTD
October 2022 through February 2023

	$ Over Budget	% of Budget
Ordinary Income/Expense		
Income		
Contributions	93,731.07	287.5%
Investment Income	51,475.08	1,051.5%
Other Income	-150,000.00	0.0%
Property Taxes	-2,113,362.03	72.5%
Rental Income	-9,213.35	69.3%
Total Income	-2,127,369.23	73.1%
Gross Profit	-2,127,369.23	73.1%
Expense		
General Development Projects		
RAA 4-1		
2nd Ave & Hansen Project		
City Property Expense		
Commons (129 Hansen) & Main		
Bowyer Park (122 4th Ave S)		
Total City Property Expense		
Downtown Art		
Youth Ranch (160 Main Ave S)		
Downtown Development		
Other Properties/Projects	-2,667,565.98	36.4%
Total RAA 4-1	-2,407,075.74	42.6%
RAA 4-3 (Chobani)		
Debt Pay. (Chobani) Interest	-1,319,283.00	0.0%
Debt Pay. (Chobani) Principal	-2,310,000.00	0.0%
Total RAA 4-3 (Chobani)	-3,629,283.00	0.0%
RAA Orchard Dr East		
Bond Trustee Fees	-5,000.00	0.0%
Community Relations & Website	-500.00	0.0%
Debt Payments - Interest	-557,150.00	0.0%
Debt Payments - Principal	-740,000.00	0.0%
Dues and Subscriptions	-400.00	92.0%
Insurance Expense	-38.00	98.0%
Legal Expense	-22,593.67	65.2%
Management Fee	0.00	100.0%
Meeting Expense	-1,643.97	34.2%
Miscellaneous	-500.00	0.0%
Office Expense	-492.00	1.6%
Professional Fees	-30,000.00	0.0%
Property Tax Expense		
Total Expense	-7,319,642.44	22.4%
Net Ordinary Income	5,192,273.21	-241.2%
Other Income/Expense		
Other Income		
Transfers In	-4,278,333.00	0.0%
Transfers Out	4,278,333.00	0.0%
Total Other Income	0.00	0.0%
Net Other Income	0.00	0.0%
Net Income	**5,192,273.21**	**-241.2%**

March 2023 Accounts Payable

Check #	Date	Name	Paid Amount	Account	Memo	Class/Fund
101	2/25/2023	Zions First National Bank	143,731.07	Cash:Zions #8617 - Excess Funds	Property taxes collected for Clif Bar	RAA 4-4 (Clif)
4720	2/27/2023	Daisy's	153.85	Meeting Expense	20230222 Lunch from Daisy's / #22023	General
4721	3/9/2023	EHM Engineers	3,352.50	Other Properties/Projects	Record of Survey & Legal Description for Victory Ave pcls	RAA 4-1 (Original)
4722	3/9/2023	Elam & Burke	8,081.00	Legal Expense	Professional Fees for Service (Jan) - 02 / #200455	General
4722	3/9/2023	Elam & Burke	107.50	Legal Expense	Professional Fees for Service (Jan) - 05 / #200456	Chobani
4722	3/9/2023	Elam & Burke	692.00	Legal Expense	Professional Fees for Service (Jan) - 06 / #200457	Orchard Dr E
4722	3/9/2023	Elam & Burke	3,377.00	Legal Expense	Professional Fees for Service (Jan) - 07 / #200458 Old Towne	General
4723	3/9/2023	Kushlan Associates	2,672.45	General Development Projects	Old Towne-2 RAA - Master Plan (Feb) / #2023-3	General

THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

Date: Monday, March 20, 2023

To: Urban Renewal Agency of the City of Twin Falls

From: Shawn Barigar, Executive Director

PRESENTATION

Request:

Presentation of the 2022 Annual Report followed by a Request for Public Comment.

Background:

Idaho Code Section 50-2006(5)(c) requires urban renewal agencies operating in Idaho to present an annual report regarding their activities for the preceding calendar year, which report shall include certain financial information. The Agency is required to hold a public meeting to report these findings and take comments from the public.

The 2022 Annual Report was tentatively approved at the February 22, 2023 meeting. The Agency will hear public comments on the Report at today's meeting and then consider adopting the report and direct Agency staff to file the 2022 Annual Report as indicated by Idaho law.

Approval Process:

N/A

Budget Impact:

N/A

Regulatory Impact:

N/A

Conclusion:

Following the presentation of the report, comments will be heard from the public.

Attachments:

1. DRAFT 2022 URA Annual Report

THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

DRAFT 2022 Annual Report

Travis Rothweiler, ICMA-CM
City Manager/Interim Executive Director
(January-October 2022)

Shawn Barigar
Executive Director
(October-December 2022)

February 22, 2023

Board of Commissioners

January – June 2022
Rudy Ashenbrener – Chair
Andy Hohwieler – Vice Chair
Dan Brizee – Secretary
Alexandra Caval
Jan Rogers
JJ McBride
Dave McAlindin

July – December 2022
Rudy Ashenbrener – Chair
Andy Hohwieler – Vice Chair
Dan Brizee – Secretary
Alexandra Caval (Jul-Aug 2022)
Jan Rogers
JJ McBride
Dave McAlindin
Eric Smallwood (Nov-Dec 2022)

Staff

Travis Rothweiler, City Manager & Interim Executive Director (January-October)
Shawn Barigar, Executive Director (October-December)
Lorrie Bauer - Administrative Assistant
Jesse Schuerman - Engineer
Brent Hyatt - Finance

This Annual Report is prepared pursuant to Idaho Code Section 50- 2006(5)(c):

An agency authorized to transact business and exercise powers under this chapter shall file, with the local governing body, on or before March 31 of each year a report of its activities for the preceding calendar year, which report shall include the financial data and audit reports required under sections 67-1075 and 67-1076, Idaho Code. The agency shall be required to hold a public meeting to report these findings and take comments from the public. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the municipality and the state controller and that the report is available for inspection during business hours in the office of the city clerk or county recorder, in the office of the agency, and at all times on the website of the state controller.

The Urban Renewal Agency
of the City of Twin Falls, Idaho

<u>Agency Activities for Calendar Year 2022</u>

<u>Exploring the Creation of a New Revenue Allocation Area</u>

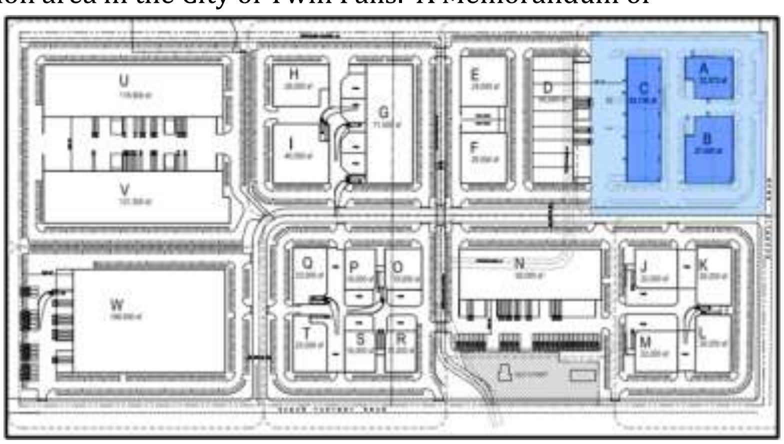
The year began with a wrap-up of work by Agency Board members following a series of visioning and planning workshops discussing the possible creation of a new revenue allocation in the Downtown and Historical Warehouse Districts. Over the course of several workshop sessions in 2021 and January of 2022, the Board educated themselves on their roles to promote economic development and elimination of community blight. They took a field trip and looked at the opportunities to make meaningful improvements to the core of Twin Falls after RAA 4-1 closes at the end of 2022, recognizing the final year of revenues will be received in 2023. They identified the ideal geographical boundary for the new Area.

The Board's vision for the new area included additional downtown housing, hotels, a convention center, continued small development on Main Avenue, commercial and light industrial development (assembly) in the Historical Warehouse District. Several public infrastructure improvements were discussed, including funding to assist with the relocating and traffic calming on the 2nd Avenues (US Highway 30), water and sewer lines, complete street improvements, fiber optics, power and gas upgrades, and parking lots/structures were just some of the public improvements that were recommended for the area.

Over the course of 2022, Agency staff and expert consultants took the Board's vision and developed the framework for a Master Planning process as well as an Eligibility Study of the proposed area. Kushlan Associates was retained to complete the Eligibility Study of the proposed area, now called Old Towne-2, and GGLO along with partner ECONorthwest were retained to develop a Master Plan. Final reports and potential creation of the Revenue Allocation Area are on track for 2023.

<u>Creation of the Orchard Drive East Revenue Allocation Area</u>

Following work initiated in 2021, The Agency concluded work with Summit Creek Development on the creation of a new revenue allocation area in the City of Twin Falls. A Memorandum of Understanding with Summit Creek Development on their intended development of approximately 78.5 acres located south of Revenue Allocation Area #4-3 was executed. An Eligibility Report and Economic Feasibility Study were completed by Kushlan Associates. Following a duly noticed public hearing, the Twin Falls City Council adopted Ordinance No. 2022-04 on November 14, 2022, approving the Urban Renewal Plan for the Orchard Drive East Urban Renewal Project, and establishing the Orchard Drive East revenue allocation area. The new industrial park at the northwest intersection of Orchard and Champlin Road will consist of several individual buildings, ranging in size from 5,000 square feet to 200,000 square feet and will serve a variety of different businesses and users. The project will be built out in phases with both build-to-suit product as well as ready-to-lease product.



Galena Opportunity Fund – Mixed Use Complex and Parking Structure

In September 2022, the Agency Board approved the Disposition and Development Agreement for the 2nd & Hansen Parking Structure and Residential Building, a mixed-use complex being proposed for development by Galena Opportunity Fund.

In total, the project will include a mixed-use commercial, retail and/or office space on the main level and residential on the other floors. Additionally, a parking structure with 325 parking stalls will be constructed, of which 100 spaces will be dedicated to public use into perpetuity. The Agency has agreed to reimburse up to $2 million to assist with costs of the public parking stalls.

Development plans for the project continue to be refined in December 2022 with commencement of the development expected in 2023.

Children's Museum of the Magic Valley

In December 2020, Children's Museum of the Magic Valley (CMMV) submitted a response to the Agency's request for proposals to redevelop an underutilized parking lot, located at the corner of 3rd Avenue South and Idaho Street South. They proposed transforming the parking lot into a 15,000 square foot center for hands-on exploration and creativity. The Agency and the Children's Museum entered into an exclusive right to negotiate on April 2, 2021.

In 2022, CMMV presented their overall funding plan to the Board as part of their continued milestones toward development. While they have not been able to raise the funds as fast as they had hoped, the project is very viable and each month they've reported forward momentum in their fundraising campaign.

160 Main Project – The Main Avenue Lofts

Galena Development Group completed its 160 Main Project, opening the mixed-use building in November 2022. The Agency had partnered on the project by providing land pursuant to a competitive process and conveying for not less than the fair value for uses and by providing reimbursement for costs related to completing the demolition of the old, deteriorated retail building that had been vacated by a charitable, second-hand store company.

4-1 Revenue Allocation Area Activities Prior to Termination

Throughout 2022, a number of projects within the 4-1 Revenue Allocation Area were completed as the area moved toward termination on 12/31/22, recognizing the Agency would receive its final year of revenue in 2023.

- Allocation for replacement of 13 trees that were removed as part of the 2016 Downtown Joint Utility Upgrade project in RAA #4-1.
- Purchase of real property for future redevelopment opportunities including 164 3rd Avenue South, 139 3rd Avenue South, 215 Shoshone Street South, and 259 Shoshone Street South. Allocations were also made to provide environmental assessments of these properties.
- Real property transfers to the City of Twin Falls:
    - Rock Creek Canyon properties which the City has interest in for water quality improvement projects in exchange for cancelation of balance of 2017 Promissory Note of $3,000,000.
    - Multiple properties in the downtown area within 4-1 Revenue Allocation Area to support public parking maintained by the City of Twin Falls and public space in the Downtown Commons and surrounding area.
- Public infrastructure extension for a new power pole, 3 phase transformer bank, and service to upgrade a building located at 248 Idaho Street South for the possible business expansion.
- Allocation for maintenance and repairs to public spaces on Main Avenue and the Downtown Commons.
- The Agency's Downtown Arts Subcommittee completed its mission with 2022 projects adding to the "Magic of the Valley" mural on the alley wall of City Hall and implementation of materials to support the Twin Falls Public Art Tour (signs, brochures, and website content directing people to various public art installations in the district). Since its inception, the subcommittee successfully supported placemaking throughout the downtown area including murals in the downtown commons area, wrapped electrical boxes, John Hayes statue contribution, and a mural on Claude Brown's wall in addition to its 2022 projects.
- Support for matching funds in the amount of $12,500 toward the submittal of a planning grant through the Reconnecting Communities Pilot Discretionary Grant program to complete a comprehensive traffic survey of U.S. Highway 30 (the 2nd Avenues in Downtown Twin Falls) and any proposed new route(s), conceptual engineering drawings, overview of recommendations for both the new location of Highway 30 as well as the improvements to the 2nd Avenues, a high-level environmental scan, and stakeholder/community outreach.

Additionally, the Agency followed the required steps toward the termination of 4-1 Revenue Allocation Area including consideration, public hearing, and adoption of the preliminary termination budget outlining final year expenditures in FY2023. The termination date for the RAA #4-1 Project Area, as set forth in the RAA #4-1 Plan was December 31, 2022, except for revenues to be received in 2023, as authorized pursuant to Idaho Code Section 50-2905(7).

Financial Information

Pursuant to Idaho Code 67-1076(2)(b) and (c), the following financial information is provided as part of this Annual Report:

- The date of the last audit was for fiscal year ended 9/30/2022.
- The average length of term of all bond obligations is 11 years.
- The average interest rate of all bond obligations is 6%.

Statement of Net Position

The Statement of Net Position reports on the assets and liabilities of the Agency. Notable changes in Net Position value are typically the result of large debt service payments; the timing of large public improvement projects; or the purchase, sale, or contribution of capital assets. The changes in the Agency's net position reflects the repayment of scheduled debt payments and a conveyance of property to the City of Twin Falls in exchange for debt relief.

Statement of Activities

The Statement of Activities reports on the Agency's operating revenues and expenditures.

Revenues

Idaho created the Public Safety Grant Initiative to leverage CARES Act funds to cover local public safety personnel expenses associated with the coronavirus. To take part in this initiative, local elected officials agreed not to increase the base property tax budgets and not to take the allowable 3% increase. As a result, Twin Falls property owners received a onetime property tax reduction. The election to participate by the City, and the associated reduction in the levy rate, had the effect of reducing the Agency's property tax increment collected in 2021. Collections reflected for 2022 are more typical.

The Agency was indebted to the City of Twin Falls for a property that was transferred in years past, the balance of which was $3,000,000 at the end of fiscal year 2021. In 2022, the Agency transferred properties it owned in Rock Creek Canyon, with a low basis, in exchange for relief from that debt.

The Federal Reserve's interest rate increases have benefited the Agency and are reflected in increased earnings on invested funds.

Expenses

For fiscal year ended in 2021, the Agency spent qualified expenditures to improve a pretreatment facility at Chobani in the amount of $9,024,656. In 2022, the Agency had a modest role in development as it prepared for the end of its oldest revenue allocation area.

Additional Financial Information is included in the following attachments:

Attachment A: Adopted 2022-2023 Budget
Attachment B: Preliminary Termination Budget Estimates - RAA 4-1
Attachment C: FY 2021 Audit
Attachment D: FY 2022 Audit

Attachment A

Urban Renewal Agency of the City of Twin Falls, Idaho						
Budget Estimates						
Fiscal Year October 1, 2022 through September 30, 2023						
	2022-2023 Budget					
				Zions Bank		Budget
	General	4-3 (Chobani)	4-4 (Clif)	Chobani	Cliff	Total
Revenue						
Investment Income	4,000	300	10	1,100		5,410
Other Income	150,000					150,000
Grant Income/Contributions			50,000			50,000
Property Taxes		3,630,883	1,249,140			4,880,023
Rental Income	30,000					30,000
Total Revenue	184,000	3,631,183	1,299,150	1,100	0	5,115,433
Transfers		(2,981,183)	(1,297,150)	2,981,183	1,297,150	0
Forecasted Cash Carryover	1,350,000	0	0	0	0	1,350,000
Total Revenue and Cash Carryover	1,534,000	650,000	2,000	2,982,283	1,297,150	6,465,433
Expenditures						
Bond Trustee Fees			2,000	3,000		5,000
Community Relations & Website	500					500
Debt Pay Interest - Chobani				1,319,283		1,319,283
Debt Pay Principal - Chobani				1,660,000		1,660,000
Debt Pay Interest - Clif Bar Bond					557,150	557,150
Debt Pay Principal - Clif Bar Bond					740,000	740,000
Payment on LOC/TIFF - Principal		650,000				650,000
Dues and Subscriptions	5,000					5,000
Insurance Expense - ICRMP	1,889					1,889
Legal Expense (Notices)	35,000					35,000
Meeting Expense	2,500					2,500
Miscellaneous	500					500
Office Expense	500					500
Professional Fees	10,000					10,000
Total Expense	55,889	650,000	2,000	2,982,283	1,297,150	4,987,322
	1,478,111	0	0	0	0	1,478,111

Attachment B

Urban Renewal Agency of the City of Twin Falls, Idaho	
Termination Budget Estimates - RAA 4-1	
Fiscal Year October 1, 2022 through September 30, 2023	
	2022-2023 Budget Termination Budget - 4-1
Revenue	
Property Taxes	2,800,000
Total Revenue	2,800,000
Forecasted Cash Carryover	1,650,000
Total Revenue and Cash Carryover	4,450,000
Expenditures	
Demoitation-Bk 132, Lots 10-16	200,000
Parking Structure Commitment	2,000,000
Capital Projects/Properties	1,842,000
Legal Expense (Notices)	30,000
Management Fee	208,000
Professional Fees	20,000
New Area Planning Advance	150,000
Total Expense	4,450,000
	0

Attachment C

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

AUDITED FINANCIAL STATEMENTS
September 30, 2021

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho , as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho's 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 the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho
January 22, 2022

Mahlke Hunsaker & Company pllc
www.m-hcpa.com | 208.734.2077| 201 Canyon Crest Drive, Suite 100, Twin Falls, ID 83301

FINANCIAL STATEMENTS

Government-Wide Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Net Position

September 30, 2021

		Governmental Activities
Assets		
Cash and cash equivalents	$	5,663,182
Receivables:		
Property taxes		60,948
Other governments		1,219
Real estate		3,150,167
Total Assets	$	8,875,516
Liabilities		
Accounts payable	$	61,386
Accrued interest		4,116,093
Deposits payable		20,000
Development Agreement		10,234,049
Project Improvement Reimbursement Agreement		15,176,070
Noncurrent liabilities		
Due to other governments		3,000,000
Due within one year		4,526,000
Due in more than one year		31,197,000
Total Liabilities		68,330,598
Net Position		
Net investment in capital assets		(57,982,952)
Restricted for:		
Debt service		3,000,511
Redevelopment		981,339
Unrestricted		(5,453,980)
Total Net Position		(59,455,082)
Total Liabilities and Net Position	$	8,875,516

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Activities

For the Year Ended September 30, 2021

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General government	$ 363,906	$ -	$ -	$ -	$ (363,906)	$ (363,906)
Community development	9,707,949	-	-	-	(9,707,949)	(9,707,949)
Interest on long-term debt	2,728,265	-	-	-	(2,728,265)	(2,728,265)
Total Governmental Activities	12,800,120	-	-	-	(12,800,120)	(12,800,120)
General Revenues and Transfers:						
Taxes:						
Property taxes, levied for general tax increment purposes					7,206,184	7,206,184
Other income					500	500
Investment income					6,239	6,239
Rental Income					26,000	26,000
Contributions					231,100	231,100
Total General Revenues and Transfers					7,470,023	7,470,023
Changes in Net Position					(5,330,097)	(5,330,097)
Net Position, October 1, 2020					(54,124,985)	(54,124,985)
Net Position, September 30, 2021					$ (59,455,082)	$ (59,455,082)

The accompanying notes are an integral part of the financial statements

FINANCIAL STATEMENTS

Fund Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Fund Balance Sheet

GOVERNMENTAL FUNDS

September 30, 2021

	General	Redevelopment	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,680,421	$ 982,250	$ 3,000,511	$ 5,663,182
Property tax receivable	-	60,948	-	60,948
Due from other governments	-	1,219	-	1,219
Total Assets	$ 1,680,421	$ 1,044,417	$ 3,000,511	$ 5,725,349
Liabilities				
Accounts payable	$ 51,482	$ 9,904	$ -	$ 61,386
Deposits payable	-	20,000	-	20,000
Total Liabilities	51,482	29,904	-	81,386
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	56,567	-	56,567
Fund Balances				
Restricted fund balance:	-	981,339	3,000,511	3,981,850
Unrestricted fund balance:				
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	1,628,939	(23,393)	-	1,605,546
Total Fund Balances	1,628,939	957,946	3,000,511	5,587,396
Total Liabilities and Fund Balances	$ 1,680,421	$ 1,044,417	$ 3,000,511	$ 5,725,349

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Redevelopment	Debt Service	Total Governmental Funds
Revenues				
Property taxes	$ -	$ 7,232,960	$ -	$ 7,232,960
Rental income	26,000	-	-	26,000
Investment income	5,481	183	575	6,239
Other income	500	-	-	500
Contributions	-	-	231,100	231,100
Total Revenues	31,981	7,233,143	231,675	7,496,799
Expenditures				
Current				
General government and administration	277,862	17,347	-	295,209
Area development and improvements	58,636	9,649,313	-	9,707,949
Real estate expense	-	68,697	-	68,697
Debt service				
Principal	-	1,578,450	2,241,000	3,819,450
Interest and other charges	-	86,452	2,155,313	2,241,765
Total Expenditures	336,498	11,400,259	4,396,313	16,133,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,517)	(4,167,116)	(4,164,638)	(8,636,271)
Other Financing Sources (Uses)				
Transfers in (out)	150,000	(4,306,755)	4,156,755	-
Construction advances	-	9,024,656	-	9,024,656
Total Other Financing Sources (Uses)	150,000	4,717,901	4,156,755	9,024,656
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(154,517)	550,785	(7,883)	388,385
Fund Balances - Beginning of Year	1,783,456	407,161	3,008,394	5,199,011
Fund Balances - End of Year	$ 1,628,939	$ 957,946	$ 3,000,511	$ 5,587,396

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position
September 30, 2021

Governmental Fund Balances	$ 5,587,396
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	3,150,167
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds	56,567
Long-term liabilities, including bonds, real estate notes, and revenue notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds	(68,249,212)
Total Net Position of Governmental Activities	$ (59,455,082)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities for the year ended September 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$ 388,385
Amounts reported for governmental activities in the Statement of Activities are different because:	
Property tax revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement	(26,776)
Governmental funds report principal payments in the period they are paid while the payment reduces long-term liabilities in the Statement of Net Assets	3,819,450
Accrued interest is reported in the statement of activities, but does not require the use of financial resources and therefore is not reported as an expenditure in governmental funds	(486,500)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources	(9,024,656)
Changes in Net Position of Governmental Activities	$ (5,330,097)

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

NOTES TO FINANCIAL STATEMENTS
September 30, 2021

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES***

Organization

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law on July 19, 1965 to rehabilitate, conserve, and redevelop deteriorated or deteriorating areas in the City of Twin Falls to increase the tax base, promote economic development and promote employment.

In April 1998, the Urban Renewal Agency adopted an Urban Renewal Plan for Urban Renewal Area No. 4 and created Revenue Allocation Area No. 4. The original area included the old town area and much of the industrial area of Twin Falls, stretching from 2800 East to 3300 East between the South Park Avenue/ Kimberly Road line on the north and Orchard Avenue on the south. Later a call center building on Poleline Road and Revenue Allocation Area's No. 4-3 and 4-4 were added. The following Revenue Allocation Areas now exist:

> Revenue Allocation Area No. 4-1 includes limited areas within Urban Renewal Area No. 4. In July of 2013 the Board of Directors approved an expansion of the original Revenue Allocation Area 4-1. The expansion, of 10%, was towards the central downtown area of Twin Falls.
>
> Revenue Allocation Area No. 4-3 was created in November 2011. Revenue Allocation Area No. 4-3 consists of approximately two hundred and twenty acres and is generally located south of Kimberly Road (3800 North of Highway 30, west of 3300 East and north of the railroad).
>
> Revenue Allocation Area No. 4-4 was created in May, 2015 and consists of approximately ninety acres. It is generally located south of Kimberly Road (3800 North or Hwy 30), west of 3300 East, and south of the railroad right-of-way.

Under Chapter 20, Title 50 of the Idaho Code, the Agency is an independent public body, corporate and politic. For financial reporting purposes only, the Agency is a discretely presented component unit of the reporting entity of the City of Twin Falls, Idaho.

Financial Reporting Entity

The Agency's financial statements include the accounts of all Agency operations. Governmental accounting and financial reporting standards require the inclusion of any organizations considered a component unit of the reporting entity.

Urban Renewal Agency of the City of Twin Falls, Idaho has no component units, but is considered a component unit of the City.

The financial statements of the Urban Renewal Agency of the City of Twin Falls, Idaho, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the governmental Agency's accounting policies are described below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Basis of Presentation, Measurement Focus and Basis of Accounting

The Agency's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements
The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Agency as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Agency's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Agency does not have any business-type activities.

The statement of net position presents the financial position of the governmental activities of the Agency at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Agency does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Agency's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the Agency. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements
During the year, the Agency segregates transactions related to certain Agency functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Fund Financial Statements-continued
Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting
The Agency uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Agency has only one category of funds: governmental.

Governmental Funds
Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Agency reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance. The following are the Agency's major governmental funds:

Major Governmental Funds
The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *redevelopment fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

<u>Measurement Focus, Basis of Accounting and Basis of Presentation</u>

Government-wide Financial Statements
The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and deferred inflows of resources associated with the operation of the Agency are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements
All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Basis of Accounting
Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues-Non-exchange Transactions
Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Agency must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: Property taxes and interest. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Unearned Revenue
Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

Deposits and Investments
Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Short-term investments are all in U. S. Treasury money market funds regulated by the Securities and Exchange Commission.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair market value at year end.

The Agency is a voluntary participant in the State of Idaho Local Government Investment Pool (LPIG). The LPIG is regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the Agency's investments in the pool is reported in the accompanying financial statements at amounts based on the Agency's pro-rata share of the fair market value provided by the fund for the entire portfolio. The LGIP is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk
For deposits and investments, custodial credit risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk
Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's Standard & Poor's and Fitch's. The investments of the Agency are not rated, and the Agency's policy does not restrict them to rated.

Receivables and Payables
All trade and property tax receivables are shown net of any allowances for collectability.

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets
Tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received, these revenues are deposited in a separate account controlled by a bank trustee. All use of these funds must be requisitioned, and approval of the trustee is required before payment is made.

The amount shown as restricted cash in the financial statements is the maximum annual debt service requirements for both principal and interest on the bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Capital Assets
In its process and efforts to rehabilitate many areas of the City of Twin Falls, the Agency has acquired certain properties and made improvements such as streets, parking lots and parks. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

Donated assets are stated at fair value on the date donated.

Deferred Inflows of Resources
In addition to liabilities, the statement of financial 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Transactions
Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activity's column are eliminated. Interfund transactions are reported as operating transfers in conformity with generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are reported as an expense of the current period. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources.

The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Accrued Liabilities and Long-Term Obligations-continued
In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity
Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Governmental Fund Balances
Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

<u>Nonspendable fund balance</u> - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

<u>Restricted fund balance</u> – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation.

<u>Committed fund balance</u> - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Agency’s highest level of decision-making authority, the Board of Directors.

<u>Assigned Fund Balance</u> – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board of Directors through the budgetary process.

<u>Unassigned Fund Balance</u> – This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Agency applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets
Annually by September 1, the Agency is required to adopt and publish a budget for the next fiscal year. This budget is prepared by fund and includes historical information for the prior two years.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, redevelopment, and debt service funds. All annual appropriations lapse at fiscal year-end.

Excess of Expenditures over Appropriations
For the fund year ended September 30, 2021, the Debt Service Fund exceeded appropriations in the amount of $7,883.

Other
The Agency’s Funds are requiring more accountability as additional revenue allocation areas are added. No allocation was made of property tax revenues to the general funds revenues, as has been the practice in past years, in an effort to first use the general funds reserves before requiring revenue allocation areas to contribute to the General Funds annual overhead.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents – A reconciliation of cash and cash equivalents at September 30, 2021 is as follows.

Cash in bank	$	22,184
State Investment Pool		1,697,969
Money-market bond funds		3,943,029
Total Cash & Cash Equivalents	$	5,663,182

The reconciled bank balance is covered by $250,000 federal depository insurance with the remainder covered by collateral held by the Agency's agent in the Agency's name.

The Agency has no investments in foreign currency and no expenses to foreign currency risk.

4. *TAXES RECEIVABLE AND UNAVAILABLE REVENUE*

The Urban Renewal Agency operates within Twin Falls County, Idaho. Idaho counties are responsible for collecting property taxes and remitting them to the various taxing entities within the County. Annually, taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20 in the following year. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner, and such other persons described by statute, by paying all back taxes and accumulated penalties, interest and costs.

In the governmental fund statements, taxes receivable and unavailable revenue consist of property tax revenue yet to be collected. Amount due from other governments is the property tax revenue estimated to be collected by Twin Falls County after year end and remitted to the Agency through November 2021.

5. INTERFUND TRANSFERS

A summary of interfund transfers follows:

	Transfers In	Transfers Out
General	$ 150,000	$ -
Redevelopment	-	4,306,755
Debt Service	4,156,755	-
	$ 4,306,755	$ 4,306,755

6. *CAPITAL ASSETS*

A summary of activity in the general fixed for the Agency for the year ended September 30, 2021, was as follows:

	Balance, September 30, 2020	Additions	Deletions or Transfers	Balance, September 30, 2021
Governmental Activities:				
Land and Buildings	$ 3,150,167	$ -	$ -	$ 3,150,167
	$ 3,150,167	$ -	$ -	$ 3,150,167

7. *LONG-TERM DEBT*

All long-term debt the Agency has issued are revenue allocation bonds that are payable, both principal and interest, solely from the revenues the Agency derives from the increased property taxes generated from the revenue allocation area described in the bond ordinance.

Revenue bonds and notes

Outstanding debt on September 30, 2021 consists of the following:

Revenue Allocation Bond, Series 2016A, dated July 1, 2016 and maturing September 1, 2036. The proceeds of the bonds provided funds to repay interim financing for the Clif Bar Project, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require semiannual payments on March 1, and September 1 each year. The bonds bear interest at 5.5%.	$11,050,000
Revenue Allocation Refunding Bonds, Series 2015A (Tax Exempt), dated February 5, 2015 and maturing August 1, 2022. The proceeds of the bonds provided funds to refund prior obligations issued, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require annual sinking fund deposits on August 1 each year. The bonds bear interest at 2.1%.	405,000

7. LONG-TERM DEBT – continued

Revenue Allocation Bonds, Series 2013A, dated February 21, 2013 and maturing April 1, 2032. The proceeds of the bonds provided funding to certain urban renewal projects. The bonds are term bonds that require annual sinking fund deposits on April 1 each year. The bonds bear interest at 6.318%. Repayment of the bonds is guaranteed by Chobani Global Holding, Inc.	22,463,000
Revenue Allocation Bonds, Series 2015C, dated July 23, 2015 and maturing August 1, 2022. The proceeds of the bonds were used and will be used to fund renewal projects along or near the Main Ave. of Twin Falls, downtown. The bonds are term bonds that require semi-annual interest payments on February 1 and August 1. Annual principal payments are due on August 1 each. The bonds interest rates vary; currently the rate is 1.534%.	1,805,000
Total	$ 35,723,000

Expected annual maturities of these obligations are as follows:

September 30,	Total	Interest	Principal
2022	$ 6,597,636	2,071,636	4,526,000
2023	4,276,433	1,876,433	2,400,000
2024	4,198,995	1,730,995	2,468,000
2025	4,121,276	1,581,276	2,540,000
2026	4,053,610	1,426,610	2,627,000
2027-2031	19,167,526	4,611,526	14,556,000
2032-2036	7,418,572	812,572	6,606,000
Total	$ 49,834,048	$ 14,111,048	$ 35,723,000

The Agency is also indebted to Chobani Idaho, LLC. The Agency entered into a Projects Improvements Reimbursement Agreement on May 9, 2016, to reimburse cost incurred by Chobani to construct certain Project Improvements authorized by the Development Agreement, including site remediation, a water storage tank and a wastewater equalization tank. On September 30, 2021, the Agency was indebted in the amount of $15,176,070. The Agency is also indebted to Clif Bar & Company. The Agency entered into a Development Agreement on October 17, 2013, to reimburse cost incurred by Clif Bar & Company to construct certain Project Improvements authorized by the Development Agreement. On September 30, 2021, the Agency was indebted in the amount of $10,234,049.

7. LONG-TERM DEBT – continued

The Agency is also indebted to the City of Twin Falls. The Agency entered into an agreement on April 10, 2017 to purchase a parcel of real property, including a wastewater treatment facility. The property was then transferred to Con Agra. On September 30, 2021, the Agency was indebted in the amount of $3,000,000. The obligation bears no interest and requires repayment as incremental tax revenue from Revenue Allocation Area 4-1 becomes available and full repayment prior to the area's closure.

Changes in Long-Term Debt

During the year ended September 30, 2021, the following changes occurred in liabilities reported as the general long-term debt.

Obligation	Balances, September 30, 2020	Additions	Repayments	Balances, September 30, 2021
Revenue Allocation Bonds, Series 2013A	$ 23,969,000	$ -	$ 1,506,000	$ 22,463,000
Revenue Allocation Bonds, Series 2015A-Tax Exempt	623,000	-	218,000	405,000
Revenue Allocation Bonds, Series 2015C-Taxable	2,777,000	-	972,000	1,805,000
Revenue Allocation Bonds, Series 2016	11,785,000	-	735,000	11,050,000
Total Revenue Bonds	39,154,000	-	3,431,000	35,723,000
Chobani Idaho, LLC-Projects Improvements Reimbursement Agreement	6,539,864	9,024,656	388,450	15,176,070
Clif Bar-Development Agreement	10,234,049	-	-	10,234,049
City of Twin Falls Agreement	3,000,000	-	-	3,000,000
Total Agreements	19,773,913	9,024,656	388,450	28,410,119
Total	$ 58,927,913	$ 9,024,656	$ 3,819,450	$ 64,133,119

7. LONG-TERM DEBT – continued

The bonds, or other debt of the Agency are not indebtedness, within the meaning of any constitutional or statutory debt limitation and are not and will not be a debt of the Agency of Twin Falls, and the Agency shall not be liable thereon.

8. *MANAGEMENT AGREEMENT*

The Agency and the City of Twin Falls entered into an agreement in March 1993, where the City agreed to provide administrative, legal, engineering, budgeting, and accounting services in exchange for a fee paid by the Agency. The amount is determined annually and was $208,000 for the year.

9. *COMMITMENTS AND SUBSEQUENT EVENTS*

The COVID-19 pandemic has developed rapidly in 2021, with a considerable number of cases. Measures taken by various governments to contain the virus have affected economic activity.

At this stage, the impact on Urban Renewal Agency's business and results have not been significant and based on our experience to date we expect this to remain the case.

The Agency has evaluated subsequent events through January 25, 2022, the date which the financial statements were available to be issued.

10. *BOND COVENANT COMPLIANCE*

The Agency is subject to various covenants as a result of bonds issued by the Agency. For example, the bonds may require an annual audit, timely payments, an adequate cash reserve in case of an overdue payment, sufficient revenue collections, or notifications of "Listed Events." During the year ended September 30, 2021, the Agency was in compliance with these covenants.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Rental income	$ 15,996	$ 15,996	$ 26,000	$ 10,004
Investment Income	45,000	45,000	5,481	(39,519)
Other income	150,000	150,000	500	(149,500)
Total Revenues	210,996	210,996	31,981	(179,015)
Expenditures				
Current				
General government	332,380	332,380	277,862	54,518
Area development and improvements	1,928,616	1,928,616	58,636	1,869,980
Total Expenditures	2,260,996	2,260,996	336,498	1,924,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,050,000)	(2,050,000)	(304,517)	1,745,483
Other Financing Sources (Uses)				
Transfers in (out)	-	-	150,000	150,000
Proceeds from the sale of assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	150,000	150,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (2,050,000)	$ (2,050,000)	(154,517)	$ 1,895,483
Fund Balance - Beginning of Year			1,783,456	
Fund Balance - End of Year			$ 1,628,939	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 7,718,000	$ 7,718,000	$ 7,232,960	$ (485,040)
Investment income	10,000	10,000	183	(9,817)
Other Income	-	-	-	-
Total Revenues	7,728,000	7,728,000	7,233,143	(494,857)
Expenditures				
Current				
General government and administration	-	-	17,347	(17,347)
Area development and improvements	699,367	699,367	9,649,313	(8,949,946)
Real estate expense	-	-	68,697	(68,697)
Debt service				
Principal	2,939,887	2,939,887	1,578,450	1,361,437
Interest and other charges	92,633	92,633	86,452	6,181
Total Expenditures	3,731,887	3,731,887	11,400,259	(7,668,372)
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,996,113	3,996,113	(4,167,116)	(8,163,229)
Other Financing Sources (Uses)				
Construction advances	-	-	9,024,656	9,024,656
Transfers in (out)	(4,346,113)	(4,346,113)	(4,306,755)	39,358
Total Other Financing Sources (Uses)	(4,346,113)	(4,346,113)	4,717,901	9,064,014
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (350,000)	$ (350,000)	550,785	$ 900,785
Fund Balance - Beginning of Year			407,161	
Fund Balance - End of Year			$ 957,946	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Investment income	$ 50,200	$ 50,200	$ 575	(49,625)
Contributions	-	-	231,100	231,100
Total Revenues	50,200	50,200	231,675	181,475
Expenditures				
Debt service				
Principal	2,241,000	2,241,000	2,241,000	-
Interest and other charges	2,155,313	2,155,313	2,155,313	-
Total Expenditures	4,396,313	4,396,313	4,396,313	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,346,113)	(4,346,113)	(4,164,638)	181,475
Other Financing Sources (Uses)				
Transfers in (out)	4,346,113	4,346,113	4,156,755	(189,358)
Total Other Financing Sources (Uses)	4,346,113	4,346,113	4,156,755	(189,358)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ -	$ -	(7,883)	(7,883)
Fund Balance - Beginning of Year			3,008,394	
Fund Balance - End of Year			$ 3,000,511	

The accompanying notes are an integral part of the financial statements

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Combined Fund Balance Sheet

REDEVELOPMENT FUNDS

September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Redevelopment Funds
Assets				
Cash and cash equivalents	$ 1,005,643	$ (19,728)	$ (3,665)	$ 982,250
Property tax receivable	60,948	-	-	60,948
Due from other governments	1,219	-	-	1,219
Total Assets	$ 1,067,810	$ (19,728)	$ (3,665)	$ 1,044,417
Liabilities				
Accounts payable	$ 9,904	$ -	$ -	$ 9,904
Deposits payable	20,000			20,000
Total Liabilities	29,904	-	-	29,904
Deferred Inflows of Resources				
Unavailable revenue-property taxes	56,567	-	-	56,567
Fund Balances				
Restricted fund balance:	981,339	-	-	981,339
Unrestricted fund balance:				
Committed fund balance	-	-		-
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	(19,728)	(3,665)	(23,393)
Total Fund Balances	981,339	(19,728)	(3,665)	957,946
Total Liabilities and Fund Balances	$ 1,067,810	$ (19,728)	$ (3,665)	$ 1,044,417

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Redevelopment Fund
Revenues				
Property taxes	$ 2,554,233	$ 3,536,853	$ 1,141,874	$ 7,232,960
Investment income	-	165	18	183
Contributions	-	-	-	-
Total Revenues	2,554,233	3,537,018	1,141,892	7,233,143
Expenditures				
Current				
General government and administration	16,678	45	624	17,347
Area development and improvements	624,657	9,024,656	-	9,649,313
Real estate expense	68,697	-	-	68,697
Debt service				
Principal	1,190,000	388,450	-	1,578,450
Interest and other charges	84,452	-	2,000	86,452
Total Expenditures	1,984,484	9,413,151	2,624	11,400,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	569,749	(5,876,133)	1,139,268	(4,167,116)
Other Financing Sources (Uses)				
Construction advances	-	9,024,656	-	9,024,656
Transfers in (out)	-	(3,164,855)	(1,141,900)	(4,306,755)
Total Other Financing Sources (Uses)	-	5,859,801	(1,141,900)	4,717,901
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	569,749	(16,332)	(2,632)	550,785
Fund Balance - Beginning of Year	411,590	(3,396)	(1,033)	407,161
Fund Balance - End of Year	$ 981,339	$ (19,728)	$ (3,665)	$ 957,946

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Combined Fund Balance Sheet

DEBT SERVICE FUNDS

September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Funds
Assets				
Cash and cash equivalents	$ -	$ 3,000,511	$ -	$ 3,000,511
Total Assets	$ -	$ 3,000,511	$ -	$ 3,000,511
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Fund Balances				
Restricted fund balance:	-	3,000,511	-	3,000,511
Unrestricted fund balance:				-
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	-	-	-
Total Fund Balances	-	3,000,511	-	3,000,511
Total Liabilities and Fund Balances	$ -	$ 3,000,511	$ -	$ 3,000,511

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Fund
Revenues				
Investment income	$ -	$ 575	$ -	$ 575
Contributions	-	-	231,100	231,100
Total Revenues	-	575	231,100	231,675
Expenditures				
Current				
Debt service				
Principal	-	1,506,000	735,000	2,241,000
Interest and other charges	-	1,517,313	638,000	2,155,313
Bond issuance costs	-	-		-
Total Expenditures	-	3,023,313	1,373,000	4,396,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,022,738)	(1,141,900)	(4,164,638)
Other Financing Sources (Uses)				
Transfers in (out)	-	3,014,855	1,141,900	4,156,755
Bond issuance				-
Total Other Financing Sources (Uses)	-	3,014,855	1,141,900	4,156,755
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(7,883)	-	(7,883)
Fund Balance - Beginning of Year	-	3,008,394	-	3,008,394
Fund Balance - End of Year	$ -	$ 3,000,511	$ -	$ 3,000,511

Mahlke Hunsaker & Company PLLC
Certified Public Accountants

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

To the Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho's, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting (internal control) to determine the 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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Urban Renewal Agency of the City of Twin Falls, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, PLLC
TWIN FALLS, IDAHO
January 25, 2022

Attachment D

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

AUDITED FINANCIAL STATEMENTS
September 30, 2022

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Urban Renewal Agency of the City of Twin Falls, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Urban Renewal Agency of the City of Twin Falls, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Urban Renewal Agency of the City of Twin Falls, Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mahlke Hunsaker & Company pllc
www.m-hcpa.com | 208.734.2077| 201 Canyon Crest Drive, Suite 100, Twin Falls, ID 83301

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 04, 2023, on our consideration of the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho's 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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho
January 04, 2023

FINANCIAL STATEMENTS

Government-Wide Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Net Position

September 30, 2022

		Governmental Activities
Assets		
Cash and cash equivalents	$	5,303,142
Receivables:		
Property taxes		37,482
Interest income		9,656
Other governments		1,219
Prepaid Deposits		25,000
Real estate		2,913,562
Total Assets	$	8,290,061
Liabilities		
Pooled Cash Deficit	$	34,724
Accounts payable		37,039
Accrued interest		4,666,325
Deposits payable		23,916
Development Agreement		10,234,049
Project Improvement Reimbursement Agreement		14,562,772
Noncurrent liabilities		
Due within one year		2,400,000
Due in more than one year		28,797,000
Total Liabilities		60,755,825
Net Position		
Net investment in capital assets		(53,080,259)
Restricted for:		
Debt service		3,006,225
Redevelopment		762,450
Unrestricted		(3,154,180)
Total Net Position		(52,465,764)
Total Liabilities and Net Position	$	8,290,061

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Activities

For the Year Ended September 30, 2022

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General government	$ 403,729	$ -	$ -	$ -	$ (403,729)	$ (403,729)
Community development	120,927	-	-	-	(120,927)	(120,927)
Interest on long-term debt	2,626,258	-	-	-	(2,626,258)	(2,626,258)
Total Governmental Activities	3,150,914	-	-	-	(3,150,914)	(3,150,914)
General Revenues and Transfers:						
Taxes:						
Property taxes, levied for general tax increment purposes					7,610,114	7,610,114
Other income					150,000	150,000
Investment income					38,715	38,715
Rental Income					28,000	28,000
Gain on sale of assets					2,212,725	2,212,725
Contributions					100,678	100,678
Total General Revenues and Transfers					10,140,232	10,140,232
Changes in Net Position					6,989,318	6,989,318
Net Position, October 1, 2021					(59,455,082)	(59,455,082)
Net Position, September 30, 2022					$ (52,465,764)	$ (52,465,764)

The accompanying notes are an integral part of the financial statements

FINANCIAL STATEMENTS

Fund Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Fund Balance Sheet

GOVERNMENTAL FUNDS

September 30, 2022

	General	Redevelopment	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,535,529	$ 767,101	$ 3,000,511	$ 5,303,141
Property tax receivable	-	37,482	-	37,482
Interest income receivable	3,908	3	5,744	9,655
Prepaid deposits		25,000	-	25,000
Due from other governments	-	1,219	-	1,219
Total Assets	$ 1,539,437	$ 830,805	$ 3,006,255	$ 5,376,497
Liabilities				
Pooled Cash Deficit	$ -	$ 34,724	$ -	$ 34,724
Accounts payable	18,148	18,891	-	37,039
Deposits payable	3,916	20,000	-	23,916
Total Liabilities	22,064	73,615	-	95,679
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	29,461	-	29,461
Fund Balances				
Restricted fund balance:	-	762,450	3,006,255	3,768,705
Unrestricted fund balance:				
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	1,517,373	(34,721)	-	1,482,652
Total Fund Balances	1,517,373	727,729	3,006,255	5,251,357
Total Liabilities and Fund Balances	$ 1,539,437	$ 830,805	$ 3,006,255	$ 5,376,497

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General	Redevelopment	Debt Service	Total Governmental Funds
Revenues				
Property taxes	$ -	$ 7,637,219	$ -	$ 7,637,219
Rental income	28,000	-	-	28,000
Investment income	16,305	2,646	19,763	38,714
Other income	150,000	-	-	150,000
Contributions	-	-	100,678	100,678
Total Revenues	194,305	7,639,865	120,441	7,954,611
Expenditures				
Current				
General government and administration	292,831	41,008	-	333,839
Area development and improvements	13,041	658,556	-	671,597
Real estate expense	-	69,890	-	69,890
Debt service				
Principal	-	2,823,298	2,316,000	5,139,298
Interest and other charges	-	56,284	2,019,742	2,076,026
Total Expenditures	305,872	3,649,036	4,335,742	8,290,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,567)	3,990,829	(4,215,301)	(336,039)
Other Financing Sources (Uses)				
Transfers in (out)	-	(4,221,045)	4,221,045	-
Total Other Financing Sources (Uses)	-	(4,221,045)	4,221,045	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(111,567)	(230,216)	5,744	(336,039)
Fund Balances - Beginning of Year	1,628,940	957,945	3,000,511	5,587,396
Fund Balances - End of Year	$ 1,517,373	$ 727,729	$ 3,006,255	$ 5,251,357

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position
September 30, 2022

Governmental Fund Balances	$	5,251,357
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		2,913,562
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		29,461
Long-term liabilities, including bonds, real estate notes, and revenue notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		(60,660,144)
Total Net Position of Governmental Activities	$	(52,465,764)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities for the year ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds	$	(336,039)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period		
Expenditures for capital assets		550,670
Gain on Sale of Capital Assets		2,212,725
Property tax revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement		(27,106)
Governmental funds report principal payments in the period they are paid while the payment reduces long-term liabilities in the Statement of Net Assets		5,139,298
Accrued interest is reported in the statement of activities, but does not require the use of financial resources and therefore is not reported as an expenditure in governmental funds		(550,230)
Changes in Net Position of Governmental Activities	$	6,989,318

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

1. *SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES*

Organization

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law on July 19, 1965 to rehabilitate, conserve, and redevelop deteriorated or deteriorating areas in the City of Twin Falls to increase the tax base, promote economic development and promote employment.

In April 1998, the Urban Renewal Agency adopted an Urban Renewal Plan for Urban Renewal Area No. 4 and created Revenue Allocation Area No. 4. The original area included the old town area and much of the industrial area of Twin Falls, stretching from 2800 East to 3300 East between the South Park Avenue/ Kimberly Road line on the north and Orchard Avenue on the south. Later other revenue allocation areas were added. The following revenue allocation areas now exist:

> Revenue Allocation Area No. 4-1 includes limited areas within Urban Renewal Area No. 4. In July of 2013 the Board of Directors approved an expansion of the original Revenue Allocation Area 4-1. The expansion, of 10%, was towards the central downtown area of Twin Falls. This revenue allocation area has a termination date of December 31, 2022. During the subsequent year, in 2023, the Board will wind down the activities of the area and dispose of its assets.
>
> Revenue Allocation Area No. 4-3 was created in November 2011. Revenue Allocation Area No. 4-3 consists of approximately two hundred and twenty acres and is generally located south of Kimberly Road (3800 North of Highway 30, west of 3300 East and north of the railroad).
>
> Revenue Allocation Area No. 4-4 was created in May, 2015 and consists of approximately ninety acres. It is generally located south of Kimberly Road (3800 North or Hwy 30), west of 3300 East, and south of the railroad right-of-way.
>
> Washington Street South was created in January 2020 and contains approximately 90 acres. It is located primarily in the south-central part of the City and comprises parcels adjacent or near a major north/south arterial, Washington Street South, also designated as Idaho State Highway 74. The area currently has no planned development.

The Idaho State Tax Commission is charged with maintaining a registry of urban renewal agency plans within the state. Copies of the plans for the above areas can be found at https://tax.idaho.gov/urban-renewal-registry/

Under Chapter 20, Title 50 of the Idaho Code, the Agency is an independent public body, corporate and politic. For financial reporting purposes only, the Agency is a discretely presented component unit of the reporting entity of the City of Twin Falls, Idaho.

Financial Reporting Entity

The Agency's financial statements include the accounts of all Agency operations. Governmental accounting and financial reporting standards require the inclusion of any organizations considered a component unit of the reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Financial Reporting Entity-continued
Urban Renewal Agency of the City of Twin Falls, Idaho has no component units, but is considered a component unit of the City.

The financial statements of the Urban Renewal Agency of the City of Twin Falls, Idaho, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the governmental Agency's accounting policies are described below.

Basis of Presentation, Measurement Focus and Basis of Accounting

The Agency's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements
The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Agency as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Agency's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Agency does not have any business-type activities.

The statement of net position presents the financial position of the governmental activities of the Agency at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Agency does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Agency's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Government-Wide Financial Statements-continued
Other revenue sources not properly included with program revenues are reported as general revenues of the Agency. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements
During the year, the Agency segregates transactions related to certain Agency functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting
The Agency uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Agency has only one category of funds: governmental.

Governmental Funds
Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Agency reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance. The following are the Agency's major governmental funds:

Major Governmental Funds
The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *redevelopment fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

<u>Measurement Focus, Basis of Accounting and Basis of Presentation</u>

Government-wide Financial Statements
The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and deferred inflows of resources associated with the operation of the Agency are included on the statement of net position. The statement of activities reports revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Fund Financial Statements
All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Basis of Accounting
Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues-Non-exchange Transactions
Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Agency must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: Property taxes and interest. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Unearned Revenue
Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

Deposits and Investments
Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Short-term investments are all in U. S. Treasury money market funds regulated by the Securities and Exchange Commission.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair market value at year end.

The Agency is a voluntary participant in the State of Idaho Local Government Investment Pool (LPIG). The LPIG is regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the Agency's investments in the pool is reported in the accompanying financial statements at amounts based on the Agency's pro-rata share of the fair market value provided by the fund for the entire portfolio. The LGIP is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk
For deposits and investments, custodial credit risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk
Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's Standard & Poor's and Fitch's. The investments of the Agency are not rated, and the Agency's policy does not restrict them to rated.

Receivables and Payables
All trade and property tax receivables are shown net of any allowances for collectability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets
Tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received, these revenues are deposited in a separate account controlled by a bank trustee. All use of these funds must be requisitioned, and approval of the trustee is required before payment is made.

The amount shown as restricted cash in the financial statements is the maximum annual debt service requirements for both principal and interest on the bonds.

Capital Assets
In its process and efforts to rehabilitate many areas of the City of Twin Falls, the Agency has acquired certain properties and made improvements such as streets, parking lots and parks. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

Donated assets are stated at fair value on the date donated.

Deferred Inflows of Resources
In addition to liabilities, the statement of financial 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Transactions
Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activity's column are eliminated. Interfund transactions are reported as operating transfers in conformity with generally accepted accounting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Accrued Liabilities and Long-Term Obligations
All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payables are reported net of applicable bond premiums or discounts. Bond issuance costs are reported as an expense of the current period. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources.

The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity
Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Governmental Fund Balances
Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable fund balance - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Agency’s highest level of decision-making authority, the Board of Directors.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board of Directors through the budgetary process.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Governmental Fund Balances-continued
Unassigned Fund Balance – This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Agency applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets
Annually by September 1, the Agency is required to adopt and publish a budget for the next fiscal year. This budget is prepared by fund and includes historical information for the prior two years.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, redevelopment, and debt service funds. All annual appropriations lapse at fiscal year-end.

Excess of Expenditures over Appropriations
For the fund year ended September 30, 2022, no funds exceeded appropriations.

Other
The Agency's Funds are requiring more accountability as additional revenue allocation areas are added. No allocation was made of property tax revenues to the general funds revenues, as has been the practice in past years, in an effort to first use the general funds reserves before requiring revenue allocation areas to contribute to the General Funds annual overhead.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents – A reconciliation of cash and cash equivalents on September 30, 2022 is as follows.

Cash in bank	$	18,976
State Investment Pool		2,254,992
Money-market bond funds		2,994,450
Total Cash & Cash Equivalents	$	5,268,418

Cash and Cash Equivalents is reported on the financial statements:

Cash and Cash Equivalents	$	5,303,142
Pooled Cash Deficit		(34,724)
Total Cash & Cash Equivalents	$	5,268,418

The reconciled bank balance is covered by $250,000 federal depository insurance with the remainder covered by collateral held by the Agency's agent in the Agency's name.

The Agency has no investments in foreign currency and no expenses to foreign currency risk.

4. *TAXES RECEIVABLE AND UNAVAILABLE REVENUE*

The Urban Renewal Agency operates within Twin Falls County, Idaho. Idaho counties are responsible for collecting property taxes and remitting them to the various taxing entities within the County. Annually, taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20 in the following year. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner, and such other persons described by statute, by paying all back taxes and accumulated penalties, interest, and costs.

In the governmental fund statements, taxes receivable and unavailable revenue consist of property tax revenue yet to be collected. Amount due from other governments is the property tax revenue estimated to be collected by Twin Falls County after year end and remitted to the Agency through November 2022.

5. *INTERFUND TRANSFERS*

A summary of interfund transfers follows:

	Transfers In	Transfers Out
Redevelopment	$ -	$ 4,221,045
Debt Service	4,221,045	-
	$ 4,221,045	$ 4,221,045

6. *CAPITAL ASSETS*

A summary of activity of capital assets for the Agency for the year ended September 30, 2022, was as follows:

	Balance, September 30, 2021	Additions	Deletions or Transfers	Balance, September 30, 2022
Governmental Activities:				
Land and Buildings	$ 3,150,167	$ 550,670	$ (787,275)	$ 2,913,562
	$ 3,150,167	$ 550,670	$ (787,275)	$ 2,913,562

7. *LONG-TERM DEBT*

All long-term debt the Agency has issued are revenue allocation bonds that are payable, both principal and interest, solely from the revenues the Agency derives from the increased property taxes generated from the revenue allocation area described in the bond ordinance.

Revenue bonds and notes

Outstanding debt on September 30, 2022 consists of the following:

Revenue Allocation Bond, Series 2016A, dated July 1, 2016 and maturing September 1, 2036. The proceeds of the bonds provided funds to repay interim financing for the Clif Bar Project, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require semiannual payments on March 1, and September 1 each year. The bonds bear interest at 5.5%.	$ 10,315,000
Revenue Allocation Bonds, Series 2013A, dated February 21, 2013 and maturing April 1, 2032. The proceeds of the bonds provided funding to certain urban renewal projects. The bonds are term bonds that require annual sinking fund deposits on April 1 each year. The bonds bear interest at 6.318%. Repayment of the bonds is guaranteed by Chobani Global Holding , Inc.	20,882,000
Total	$ 31,197,000

7. LONG-TERM DEBT – continued

Expected annual maturities of these obligations are as follows:

September 30,	Total	Interest	Principal
2023	$ 4,276,433	1,876,433	2,400,000
2024	4,198,995	1,730,995	2,468,000
2025	4,121,276	1,581,276	2,540,000
2026	4,053,610	1,426,610	2,627,000
2027	3,984,407	1,266,407	2,718,000
2028-2032	18,814,165	3,720,165	15,094,000
2033-2036	3,787,525	437,525	3,350,000
Total	$ 43,236,411	$ 12,039,411	$ 31,197,000

The Agency is also indebted to Chobani Idaho, LLC. The Agency entered into a Projects Improvements Reimbursement Agreement on May 9, 2016, to reimburse cost incurred by Chobani to construct certain Project Improvements authorized by the Development Agreement, including site remediation, a water storage tank and a wastewater equalization tank. On September 30, 2022, the Agency was indebted in the amount of $14,562,772.

The Agency is also indebted to Clif Bar & Company. The Agency entered into a Development Agreement on October 17, 2013, to reimburse cost incurred by Clif Bar & Company to construct certain Project Improvements authorized by the Development Agreement. On September 30, 2022, the Agency was indebted in the amount of $10,234,049. That amount accrues interest at a variable rate, 7.5% on September 30, 2022. Accrued interest at year end totaled $3,982,338. For several years the Agency has not been able to make any payments on the indebtedness. The agreement states that any existing debt with Clif Bar by the Agency at the end of the revenue allocation area's life ends without recourse.

7. LONG-TERM DEBT – continued

During the year ended September 30, 2022, the following changes occurred in liabilities reported as the general long-term debt.

Obligation	Balances, September 30, 2021	Additions	Repayments	Balances, September 30, 2022
Revenue Allocation Bonds, Series 2013A	$ 22,463,000	$ -	$ 1,581,000	$ 20,882,000
Revenue Allocation Bonds, Series 2015A-Tax Exempt	405,000	-	405,000	-
Revenue Allocation Bonds, Series 2015C-Taxable	1,805,000	-	1,805,000	-
Revenue Allocation Bonds, Series 2016	11,050,000	-	735,000	10,315,000
Total Revenue Bonds	35,723,000	-	4,526,000	31,197,000
Chobani Idaho, LLC-Projects Improvements Reimbursement Agreement	15,176,070	-	613,298	14,562,772
Clif Bar-Development Agreement	10,234,049	-	-	10,234,049
City of Twin Falls Agreement	3,000,000	-	3,000,000	-
Total Agreements	28,410,119	-	3,613,298	24,796,821
Total	$ 64,133,119	$ -	$ 8,139,298	$ 55,993,821

The bonds, or other debt of the Agency are not indebtedness, within the meaning of any constitutional or statutory debt limitation and are not and will not be a debt of the Agency of Twin Falls, and the Agency shall not be liable thereon.

8. *MANAGEMENT AGREEMENT*

The Agency and the City of Twin Falls entered into an agreement in March 1993, where the City agreed to provide administrative, legal, engineering, budgeting, and accounting services in exchange for a fee paid by the Agency. The amount is determined annually and was $208,000 for the year.

9. *COMMITMENTS AND SUBSEQUENT EVENTS*

In November 2022 a new revenue allocation area was created, the Orchard Drive East Project Area. It consists of approximately 80 acres and is generally located on the west side of N 3300 Road E/Champlin Road and north of E 3700 N/Orchard Drive East.

The Agency has committed up to $2,000,000.00 to a developer for construction of a public parking facility within Revenue Allocation Area 4-1.

As mentioned previously, Revenue Allocation Area No. 4-1 has reached the end of the life allowed by statute. The area terminated December 31, 2022. In Idaho property taxes are assessed in one year and collected the following year. During 2023 the area will be collecting its final revenues, settling existing obligations, and liquidating assets. A termination budget was adopted by the Board for the final year. That budget will be updated as the closure process progresses.

The Agency has evaluated subsequent events through January 04, 2023, the date which the financial statements were available to be issued.

10. *BOND COVENANT COMPLIANCE*

The Agency is subject to various covenants as a result of bonds issued by the Agency. For example, the bonds may require an annual audit, timely payments, an adequate cash reserve in case of an overdue payment, sufficient revenue collections, or notifications of "Listed Events." During the year ended September 30, 2022, the Agency was in compliance with these covenants.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Rental income	$ 30,000	$ 30,000	$ 28,000	$ (2,000)
Investment Income	3,000	3,000	16,305	13,305
Other income	150,000	150,000	150,000	-
Total Revenues	183,000	183,000	194,305	11,305
Expenditures				
Current				
General government	315,180	315,180	292,831	22,349
Area development and improvements	-	-	13,041	(13,041)
Total Expenditures	315,180	315,180	305,872	9,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,180)	(132,180)	(111,567)	20,613
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (132,180)	$ (132,180)	(111,567)	$ 20,613
Fund Balance - Beginning of Year			1,628,940	
Fund Balance - End of Year			$ 1,517,373	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 7,820,517	$ 7,820,517	$ 7,637,219	$ (183,298)
Investment income	310	310	2,646	2,336
Total Revenues	7,820,827	7,820,827	7,639,865	(180,962)
Expenditures				
Current				
General government and administration	100	100	41,008	(40,908)
Area development and improvements	2,871,218	2,871,218	658,556	2,212,662
Real estate expense	69,890	69,890	69,890	-
Debt service				
Principal	2,985,000	2,985,000	2,823,298	161,702
Interest and other charges	60,912	60,912	56,284	4,628
Total Expenditures	5,987,120	5,987,120	3,649,036	2,338,084
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,833,707	1,833,707	3,990,829	2,157,122
Other Financing Sources (Uses)				
Issuance of debt	942,700	942,700	-	(942,700)
Transfers in (out)	(4,334,827)	(4,334,827)	(4,221,045)	113,782
Total Other Financing Sources (Uses)	(3,392,127)	(3,392,127)	(4,221,045)	(828,918)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (1,558,420)	$ (1,558,420)	(230,216)	$ 1,328,204
Fund Balance - Beginning of Year			957,945	
Fund Balance - End of Year			$ 727,729	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Investment income	$ 915	$ 915	$ 19,763	18,848
Contributions	-	-	100,678	100,678
Total Revenues	915	915	120,441	119,526
Expenditures				
Debt service				
Principal	2,316,000	2,316,000	2,316,000	-
Interest and other charges	2,019,742	2,019,742	2,019,742	-
Total Expenditures	4,335,742	4,335,742	4,335,742	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,334,827)	(4,334,827)	(4,215,301)	119,526
Other Financing Sources (Uses)				
Transfers in (out)	4,334,827	4,334,827	4,221,045	(113,782)
Total Other Financing Sources (Uses)	4,334,827	4,334,827	4,221,045	(113,782)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ -	$ -	5,744	5,744
Fund Balance - Beginning of Year			3,000,511	
Fund Balance - End of Year			$ 3,006,255	

The accompanying notes are an integral part of the financial statements

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Combined Fund Balance Sheet

REDEVELOPMENT FUNDS

September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Washington Street South	Total Redevelopment Funds
Assets					
Cash and cash equivalents	$ 759,942	$ -	$ -	$ 7,159	$ 767,101
Property tax receivable	37,482	-	-	-	37,482
Interest income receivable	-	1	2	-	3
Prepaid deposits	25,000				25,000
Due from other governments	1,219	-	-	-	1,219
Total Assets	$ 823,643	$ 1	$ 2	$ 7,159	$ 830,805
Liabilities					
Pooled cash deficit	$ -	$ 29,905	$ 4,819	$ -	$ 34,724
Accounts payable	18,891	-	-	-	18,891
Deposits payable	20,000				20,000
Total Liabilities	38,891	29,905	4,819	-	73,615
Deferred Inflows of Resources					
Unavailable revenue-property taxes	29,461	-	-	-	29,461
Fund Balances					
Restricted fund balance:	755,291	-	-	7,159	762,450
Unrestricted fund balance:					
Committed fund balance	-	-			-
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	-	(29,904)	(4,817)	-	(34,721)
Total Fund Balances	755,291	(29,904)	(4,817)	7,159	727,729
Total Liabilities and Fund Balances	$ 823,643	$ 1	$ 2	$ 7,159	$ 830,805

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Washington Street South	Total Redevelopment Fund
Revenues					
Property taxes	$ 2,807,446	$ 3,590,874	$ 1,231,740	$ 7,159	$ 7,637,219
Investment income	-	1,396	1,250	-	2,646
Total Revenues	2,807,446	3,592,270	1,232,990	7,159	7,639,865
Expenditures					
Current					
General government and administration	40,763	-	245	-	41,008
Area development and improvements	658,556	-	-	-	658,556
Real estate expense	69,890	-	-	-	69,890
Debt service					
Principal	2,210,000	613,298	-	-	2,823,298
Interest and other charges	54,284	-	2,000	-	56,284
Total Expenditures	3,033,493	613,298	2,245	-	3,649,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,047)	2,978,972	1,230,745	7,159	3,990,829
Other Financing Sources (Uses)					
Transfers in (out)	-	(2,989,148)	(1,231,897)	-	(4,221,045)
Total Other Financing Sources (Uses)	-	(2,989,148)	(1,231,897)	-	(4,221,045)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(226,047)	(10,176)	(1,152)	7,159	(230,216)
Fund Balance - Beginning of Year	981,338	(19,728)	(3,665)	-	957,945
Fund Balance - End of Year	$ 755,291	$ (29,904)	$ (4,817)	$ 7,159	$ 727,729

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Combined Fund Balance Sheet
DEBT SERVICE FUNDS
September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Funds
Assets				
Cash and cash equivalents	$ -	$ 3,000,511	$ -	$ 3,000,511
Interest income receivable	-	5,744	-	5,744
Total Assets	$ -	$ 3,006,255	$ -	$ 3,006,255
Liabilities				
Pooled cash deficit	$ -	$ -	$ -	$ -
Accounts Payable	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Fund Balances				
Restricted fund balance:	-	3,006,255	-	3,006,255
Unrestricted fund balance:				-
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	-	-	-
Total Fund Balances	-	3,006,255	-	3,006,255
Total Liabilities and Fund Balances	$ -	$ 3,006,255	$ -	$ 3,006,255

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Debt Service Fund
Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances
By Project for the Redevelopment Fund
For the Year Ended September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Fund
Revenues				
Investment income	$ -	$ 19,763	$ -	$ 19,763
Contributions	-	-	100,678	100,678
Total Revenues	-	19,763	100,678	120,441
Expenditures				
Debt service				
Principal	-	1,581,000	735,000	2,316,000
Interest and other charges	-	1,422,167	597,575	2,019,742
Total Expenditures	-	3,003,167	1,332,575	4,335,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,983,404)	(1,231,897)	(4,215,301)
Other Financing Sources (Uses)				
Transfers in (out)	-	2,989,148	1,231,897	4,221,045
Total Other Financing Sources (Uses)	-	2,989,148	1,231,897	4,221,045
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use	-	5,744	-	5,744
Fund Balance - Beginning of Year	-	3,000,511	-	3,000,511
Fund Balance - End of Year	$ -	$ 3,006,255	$ -	$ 3,006,255

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

To the Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho's, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements, and have issued our report thereon dated January 04, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Renewal Agency of the City of Twin Falls, Idaho'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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Renewal Agency of the City of Twin Falls, Idaho'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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urban Renewal Agency of the City of Twin Falls, Idaho's financial statements are free from 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.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, PLLC
TWIN FALLS, IDAHO
January 04, 2023

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: Monday, March 20, 2023

To: Urban Renewal Agency of the City of Twin Falls

From: Shawn Barigar, Executive Director

ACTION ITEM

Request:

Consider approval of Resolution No. 2023-03 authorizing the filing of the 2022 Annual Report per Idaho Law.

Background:

At the time of filing the report with the City on or before March 31, the Agency shall publish in the Times-News a notice to the effect that the report has been filed with the City and the state controller and that the report is available for inspection in the office of the City Clerk or the Agency, and at all times on the website of the state controller.

The 2022 Annual Report was tentatively approved at the February 22, 2023 meeting. The public was invited to comment following the presentation. The Agency will consider approving the report by resolution and direct Agency staff to file the 2022 Annual Report as indicated by Idaho Code 50-2006(5)(c).

Approval Process:

A majority vote of a quorum of the Agency Commissioners present at the meeting.

Budget Impact:

There may be a cost for in-house printing of the report and postage to distribute it to those who request it.

Regulatory Impact:

N/A

Conclusion:

Staff recommends that the Board approve Resolution No. 2023-03 adopting the 2022 Annual Report. Completion of this process will have the Agency in compliance with the statutory requirement for reporting.

Attachments:

1. Resolution No. 2023-03 = 2022 Annual Report

RESOLUTION NO. 2023-03

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO:

> A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO APPROVING THE 2022 ANNUAL REPORT OF THE URBAN RENEWAL AGENCY; APPROVING THE NOTICE OF FILING THE ANNUAL REPORT WITH THE CITY AND IDAHO STATE CONTROLLER; DIRECTING CHAIR, VICE-CHAIR, OR EXECUTIVE DIRECTOR TO SUBMIT SAID REPORT; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by the Urban Renewal Agency of the City of Twin Falls, Idaho, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the “Law”) and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the “Act”), a duly created and functioning urban renewal agency for Twin Falls, Idaho, hereinafter referred to as the “Agency.”

WHEREAS, Idaho Code 50-2006(5)(c) requires every urban renewal agency exercising powers under the Law to file with the local governing body and the Idaho State Controller on or before March 31 of each year a report of its activities for the preceding calendar year, which report shall include certain financial information; and,

WHEREAS, Idaho Code 50-2006(5)(c) requires every urban renewal agency to hold a public meeting to report these findings and take comments from the public; and,

WHEREAS, pursuant to Idaho Code 50-2006(5)(c), Agency staff prepared the annual report of the Agency’s activities for calendar year 2022, a copy of which report is attached hereto as **Exhibit A** and incorporated herein by reference;

WHEREAS, the Agency Board reviewed and tentatively approved the draft annual report at the February 22, 2023, Agency Board meeting and directed that the report be made available to the public and that notice of availability be published and posted;

WHEREAS, Agency representatives took steps to provide a copy of the report for public review and comment;

WHEREAS, on March 20, 2023, pursuant to Idaho Code 50-2006(5)(c), the Agency held an open public meeting, properly noticed, to report these findings in the annual report and to take comments from the public at the Council Chambers, 203 Main Avenue East, Twin Falls, Idaho, on the proposed annual report.

WHEREAS, Idaho Code 50-2006(5)(c) requires every urban renewal agency, at the time of filing the report, to publish in a newspaper of general circulation in the community a notice that the report has been filed with the municipality and the Idaho State Controller and that the report is available for inspection during business hours in the office of the City Clerk and the Agency.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO AS FOLLOWS:

Section 1: That the above statements are true and correct.

Section 2: That the 2022 Annual Report attached hereto as "**Exhibit A**" and the notice of filing the annual report attached hereto as "**Exhibit B**" are hereby approved and adopted by the Agency Board.

Section 3: That the Board Chair, Vice Chair, or Executive Director shall submit said annual report to the City Clerk of the City of Twin Falls, Idaho, and the Idaho State Controller, as directed by the Idaho State Controller's staff, on or before March 31, 2023.

Section 4: That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED AND ADOPTED by the Urban Renewal Agency of the City of Twin Falls, Idaho, on March 20, 2023. Signed by the Chair of the Board of Commissioners and attested by the Secretary to the Board of Commissioners, on March 20, 2023.

APPROVED:

By ____
Rudy Ashenbrener, Chair

ATTEST:

By ____________________________________
Dan Brizee, Secretary

Exhibit A

2022 Annual Report

THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

2022 Annual Report

Travis Rothweiler, ICMA-CM
City Manager/Interim Executive Director
(January-October 2022)

Shawn Barigar
Executive Director
(October-December 2022)

February 22, 2023

Board of Commissioners

January – June 2022
Rudy Ashenbrener – Chair
Andy Hohwieler – Vice Chair
Dan Brizee – Secretary
Alexandra Caval
Jan Rogers
JJ McBride
Dave McAlindin

July – December 2022
Rudy Ashenbrener – Chair
Andy Hohwieler – Vice Chair
Dan Brizee – Secretary
Alexandra Caval (Jul-Aug 2022)
Jan Rogers
JJ McBride
Dave McAlindin
Eric Smallwood (Nov-Dec 2022)

Staff

Travis Rothweiler, City Manager & Interim Executive Director (January-October)
Shawn Barigar, Executive Director (October-December)
Lorrie Bauer - Administrative Assistant
Jesse Schuerman - Engineer
Brent Hyatt - Finance

This Annual Report is prepared pursuant to Idaho Code Section 50- 2006(5)(c):

An agency authorized to transact business and exercise powers under this chapter shall file, with the local governing body, on or before March 31 of each year a report of its activities for the preceding calendar year, which report shall include the financial data and audit reports required under sections 67-1075 and 67-1076, Idaho Code. The agency shall be required to hold a public meeting to report these findings and take comments from the public. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the municipality and the state controller and that the report is available for inspection during business hours in the office of the city clerk or county recorder, in the office of the agency, and at all times on the website of the state controller.

The Urban Renewal Agency
of the City of Twin Falls, Idaho

Agency Activities for Calendar Year 2022

Exploring the Creation of a New Revenue Allocation Area

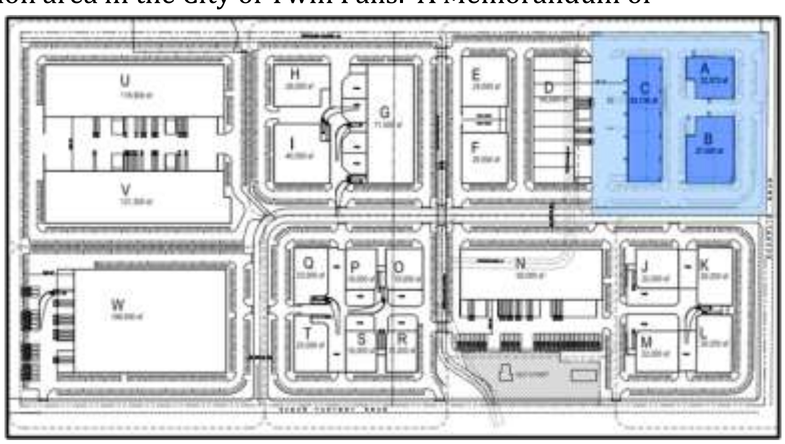
The year began with a wrap-up of work by Agency Board members following a series of visioning and planning workshops discussing the possible creation of a new revenue allocation in the Downtown and Historical Warehouse Districts. Over the course of several workshop sessions in 2021 and January of 2022, the Board educated themselves on their roles to promote economic development and elimination of community blight. They took a field trip and looked at the opportunities to make meaningful improvements to the core of Twin Falls after RAA 4-1 closes at the end of 2022, recognizing the final year of revenues will be received in 2023. They identified the ideal geographical boundary for the new Area.

The Board's vision for the new area included additional downtown housing, hotels, a convention center, continued small development on Main Avenue, commercial and light industrial development (assembly) in the Historical Warehouse District. Several public infrastructure improvements were discussed, including funding to assist with the relocating and traffic calming on the 2nd Avenues (US Highway 30), water and sewer lines, complete street improvements, fiber optics, power and gas upgrades, and parking lots/structures were just some of the public improvements that were recommended for the area.

Over the course of 2022, Agency staff and expert consultants took the Board's vision and developed the framework for a Master Planning process as well as an Eligibility Study of the proposed area. Kushlan Associates was retained to complete the Eligibility Study of the proposed area, now called Old Towne-2, and GGLO along with partner ECONorthwest were retained to develop a Master Plan. Final reports and potential creation of the Revenue Allocation Area are on track for 2023.

Creation of the Orchard Drive East Revenue Allocation Area

Following work initiated in 2021, The Agency concluded work with Summit Creek Development on the creation of a new revenue allocation area in the City of Twin Falls. A Memorandum of Understanding with Summit Creek Development on their intended development of approximately 78.5 acres located south of Revenue Allocation Area #4-3 was executed. An Eligibility Report and Economic Feasibility Study were completed by Kushlan Associates. Following a duly noticed public hearing, the Twin Falls City Council adopted Ordinance No. 2022-04 on November 14, 2022, approving the Urban Renewal Plan for the Orchard Drive East Urban Renewal Project, and establishing the Orchard Drive East revenue allocation area. The new industrial park at the northwest intersection of Orchard and Champlin Road will consist of several individual buildings, ranging in size from 5,000 square feet to 200,000 square feet and will serve a variety of different businesses and users. The project will be built out in phases with both build-to-suit product as well as ready-to-lease product.



Galena Opportunity Fund – Mixed Use Complex and Parking Structure

In September 2022, the Agency Board approved the Disposition and Development Agreement for the 2nd & Hansen Parking Structure and Residential Building, a mixed-use complex being proposed for development by Galena Opportunity Fund.

In total, the project will include a mixed-use commercial, retail and/or office space on the main level and residential on the other floors. Additionally, a parking structure with 325 parking stalls will be constructed, of which 100 spaces will be dedicated to public use into perpetuity. The Agency has agreed to reimburse up to $2 million to assist with costs of the public parking stalls.

Development plans for the project continue to be refined in December 2022 with commencement of the development expected in 2023.

Children's Museum of the Magic Valley

In December 2020, Children's Museum of the Magic Valley (CMMV) submitted a response to the Agency's request for proposals to redevelop an underutilized parking lot, located at the corner of 3rd Avenue South and Idaho Street South. They proposed transforming the parking lot into a 15,000 square foot center for hands-on exploration and creativity. The Agency and the Children's Museum entered into an exclusive right to negotiate on April 2, 2021.

In 2022, CMMV presented their overall funding plan to the Board as part of their continued milestones toward development. While they have not been able to raise the funds as fast as they had hoped, the project is very viable and each month they've reported forward momentum in their fundraising campaign.

<u>160 Main Project – The Main Avenue Lofts</u>

Galena Development Group completed its 160 Main Project, opening the mixed-use building in November 2022. The Agency had partnered on the project by providing land pursuant to a competitive process and conveying for not less than the fair value for uses and by providing reimbursement for costs related to completing the demolition of the old, deteriorated retail building that had been vacated by a charitable, second-hand store company.

<u>4-1 Revenue Allocation Area Activities Prior to Termination</u>

Throughout 2022, a number of projects within the 4-1 Revenue Allocation Area were completed as the area moved toward termination on 12/31/22, recognizing the Agency would receive its final year of revenue in 2023.

- Allocation for replacement of 13 trees that were removed as part of the 2016 Downtown Joint Utility Upgrade project in RAA #4-1.
- Purchase of real property for future redevelopment opportunities including 164 3rd Avenue South, 139 3rd Avenue South, 215 Shoshone Street South, and 259 Shoshone Street South. Allocations were also made to provide environmental assessments of these properties.
- Real property transfers to the City of Twin Falls:
  - Rock Creek Canyon properties which the City has interest in for water quality improvement projects in exchange for cancelation of balance of 2017 Promissory Note of $3,000,000.
  - Multiple properties in the downtown area within 4-1 Revenue Allocation Area to support public parking maintained by the City of Twin Falls and public space in the Downtown Commons and surrounding area.
- Public infrastructure extension for a new power pole, 3 phase transformer bank, and service to upgrade a building located at 248 Idaho Street South for the possible business expansion.
- Allocation for maintenance and repairs to public spaces on Main Avenue and the Downtown Commons.
- The Agency's Downtown Arts Subcommittee completed its mission with 2022 projects adding to the "Magic of the Valley" mural on the alley wall of City Hall and implementation of materials to support the Twin Falls Public Art Tour (signs, brochures, and website content directing people to various public art installations in the district). Since its inception, the subcommittee successfully supported placemaking throughout the downtown area including murals in the downtown commons area, wrapped electrical boxes, John Hayes statue contribution, and a mural on Claude Brown's wall in addition to its 2022 projects.
- Support for matching funds in the amount of $12,500 toward the submittal of a planning grant through the Reconnecting Communities Pilot Discretionary Grant program to complete a comprehensive traffic survey of U.S. Highway 30 (the 2nd Avenues in Downtown Twin Falls) and any proposed new route(s), conceptual engineering drawings, overview of recommendations for both the new location of Highway 30 as well as the improvements to the 2nd Avenues, a high-level environmental scan, and stakeholder/community outreach.

Additionally, the Agency followed the required steps toward the termination of 4-1 Revenue Allocation Area including consideration, public hearing, and adoption of the preliminary termination budget outlining final year expenditures in FY2023. The termination date for the RAA #4-1 Project Area, as set forth in the RAA #4-1 Plan was December 31, 2022, except for revenues to be received in 2023, as authorized pursuant to Idaho Code Section 50-2905(7).

Financial Information

Pursuant to Idaho Code 67-1076(2)(b) and (c), the following financial information is provided as part of this Annual Report:

- The date of the last audit was for fiscal year ended 9/30/2022.
- The average length of term of all bond obligations is 11 years.
- The average interest rate of all bond obligations is 6%.

Statement of Net Position

The Statement of Net Position reports on the assets and liabilities of the Agency. Notable changes in Net Position value are typically the result of large debt service payments; the timing of large public improvement projects; or the purchase, sale, or contribution of capital assets. The changes in the Agency's net position reflects the repayment of scheduled debt payments and a conveyance of property to the City of Twin Falls in exchange for debt relief.

Statement of Activities

The Statement of Activities reports on the Agency's operating revenues and expenditures.

Revenues

Idaho created the Public Safety Grant Initiative to leverage CARES Act funds to cover local public safety personnel expenses associated with the coronavirus. To take part in this initiative, local elected officials agreed not to increase the base property tax budgets and not to take the allowable 3% increase. As a result, Twin Falls property owners received a onetime property tax reduction. The election to participate by the City, and the associated reduction in the levy rate, had the effect of reducing the Agency's property tax increment collected in 2021. Collections reflected for 2022 are more typical.

The Agency was indebted to the City of Twin Falls for a property that was transferred in years past, the balance of which was $3,000,000 at the end of fiscal year 2021. In 2022, the Agency transferred properties it owned in Rock Creek Canyon, with a low basis, in exchange for relief from that debt.

The Federal Reserve's interest rate increases have benefited the Agency and are reflected in increased earnings on invested funds.

Expenses

For fiscal year ended in 2021, the Agency spent qualified expenditures to improve a pretreatment facility at Chobani in the amount of $9,024,656. In 2022, the Agency had a modest role in development as it prepared for the end of its oldest revenue allocation area.

Additional Financial Information is included in the following attachments:

Attachment A: Adopted 2022-2023 Budget
Attachment B: Preliminary Termination Budget Estimates - RAA 4-1
Attachment C: FY 2021 Audit
Attachment D: FY 2022 Audit

Attachment A

Urban Renewal Agency of the City of Twin Falls, Idaho						
Budget Estimates						
Fiscal Year October 1, 2022 through September 30, 2023						
	2022-2023 Budget					
				Zions Bank		**Budget**
	General	4-3 (Chobani)	4-4 (Clif)	Chobani	Cliff	**Total**
Revenue						
Investment Income	4,000	300	10	1,100		5,410
Other Income	150,000					150,000
Grant Income/Contributions			50,000			50,000
Property Taxes		3,630,883	1,249,140			4,880,023
Rental Income	30,000					30,000
Total Revenue	184,000	3,631,183	1,299,150	1,100	0	5,115,433
Transfers		(2,981,183)	(1,297,150)	2,981,183	1,297,150	0
Forecasted Cash Carryover	1,350,000	0	0	0	0	1,350,000
Total Revenue and Cash Carryover	1,534,000	650,000	2,000	2,982,283	1,297,150	6,465,433
Expenditures						
Bond Trustee Fees			2,000	3,000		5,000
Community Relations & Website	500					500
Debt Pay Interest - Chobani				1,319,283		1,319,283
Debt Pay Principal - Chobani				1,660,000		1,660,000
Debt Pay Interest - Clif Bar Bond					557,150	557,150
Debt Pay Principal - Clif Bar Bond					740,000	740,000
Payment on LOC/TIFF - Principal		650,000				650,000
Dues and Subscriptions	5,000					5,000
Insurance Expense - ICRMP	1,889					1,889
Legal Expense (Notices)	35,000					35,000
Meeting Expense	2,500					2,500
Miscellaneous	500					500
Office Expense	500					500
Professional Fees	10,000					10,000
Total Expense	55,889	650,000	2,000	2,982,283	1,297,150	4,987,322
	1,478,111	0	0	0	0	1,478,111

Attachment B

Urban Renewal Agency of the City of Twin Falls, Idaho	
Termination Budget Estimates - RAA 4-1	
Fiscal Year October 1, 2022 through September 30, 2023	
	2022-2023 Budget Termination Budget - 4-1
Revenue	
Property Taxes	2,800,000
Total Revenue	2,800,000
Forecasted Cash Carryover	1,650,000
Total Revenue and Cash Carryover	4,450,000
Expenditures	
Demoitation-Bk 132, Lots 10-16	200,000
Parking Structure Commitment	2,000,000
Capital Projects/Properties	1,842,000
Legal Expense (Notices)	30,000
Management Fee	208,000
Professional Fees	20,000
New Area Planning Advance	150,000
Total Expense	4,450,000
	0

Attachment C

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

AUDITED FINANCIAL STATEMENTS
September 30, 2021

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

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MH&co Mahlke Hunsaker & Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho , as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

www.m-hcpa.com | 208.734.2077| 201 Canyon Crest Drive, Suite 100, Twin Falls, ID 83301

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho's 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 the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho
January 22, 2022

Mahlke Hunsaker & Company pllc
www.m-hcpa.com | 208.734.2077| 201 Canyon Crest Drive, Suite 100, Twin Falls, ID 83301

FINANCIAL STATEMENTS

Government-Wide Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Net Position

September 30, 2021

		Governmental Activities
Assets		
Cash and cash equivalents	$	5,663,182
Receivables:		
Property taxes		60,948
Other governments		1,219
Real estate		3,150,167
Total Assets	$	8,875,516
Liabilities		
Accounts payable	$	61,386
Accrued interest		4,116,093
Deposits payable		20,000
Development Agreement		10,234,049
Project Improvement Reimbursement Agreement		15,176,070
Noncurrent liabilities		
Due to other governments		3,000,000
Due within one year		4,526,000
Due in more than one year		31,197,000
Total Liabilities		68,330,598
Net Position		
Net investment in capital assets		(57,982,952)
Restricted for:		
Debt service		3,000,511
Redevelopment		981,339
Unrestricted		(5,453,980)
Total Net Position		(59,455,082)
Total Liabilities and Net Position	$	8,875,516

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Activities

For the Year Ended September 30, 2021

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General government	$ 363,906	$ -	$ -	$ -	$ (363,906)	$ (363,906)
Community development	9,707,949	-	-	-	(9,707,949)	(9,707,949)
Interest on long-term debt	2,728,265	-	-	-	(2,728,265)	(2,728,265)
Total Governmental Activities	12,800,120	-	-	-	(12,800,120)	(12,800,120)
General Revenues and Transfers:						
Taxes:						
Property taxes, levied for general tax increment purposes					7,206,184	7,206,184
Other income					500	500
Investment income					6,239	6,239
Rental Income					26,000	26,000
Contributions					231,100	231,100
Total General Revenues and Transfers					7,470,023	7,470,023
Changes in Net Position					(5,330,097)	(5,330,097)
Net Position, October 1, 2020					(54,124,985)	(54,124,985)
Net Position, September 30, 2021					$ (59,455,082)	$ (59,455,082)

The accompanying notes are an integral part of the financial statements

FINANCIAL STATEMENTS

Fund Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Fund Balance Sheet

GOVERNMENTAL FUNDS

September 30, 2021

	General	Redevelopment	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,680,421	$ 982,250	$ 3,000,511	$ 5,663,182
Property tax receivable	-	60,948	-	60,948
Due from other governments	-	1,219	-	1,219
Total Assets	$ 1,680,421	$ 1,044,417	$ 3,000,511	$ 5,725,349
Liabilities				
Accounts payable	$ 51,482	$ 9,904	$ -	$ 61,386
Deposits payable	-	20,000	-	20,000
Total Liabilities	51,482	29,904	-	81,386
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	56,567	-	56,567
Fund Balances				
Restricted fund balance:	-	981,339	3,000,511	3,981,850
Unrestricted fund balance:				
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	1,628,939	(23,393)	-	1,605,546
Total Fund Balances	1,628,939	957,946	3,000,511	5,587,396
Total Liabilities and Fund Balances	$ 1,680,421	$ 1,044,417	$ 3,000,511	$ 5,725,349

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Redevelopment	Debt Service	Total Governmental Funds
Revenues				
Property taxes	$ -	$ 7,232,960	$ -	$ 7,232,960
Rental income	26,000	-	-	26,000
Investment income	5,481	183	575	6,239
Other income	500	-	-	500
Contributions	-	-	231,100	231,100
Total Revenues	31,981	7,233,143	231,675	7,496,799
Expenditures				
Current				
General government and administration	277,862	17,347	-	295,209
Area development and improvements	58,636	9,649,313	-	9,707,949
Real estate expense	-	68,697	-	68,697
Debt service				
Principal	-	1,578,450	2,241,000	3,819,450
Interest and other charges	-	86,452	2,155,313	2,241,765
Total Expenditures	336,498	11,400,259	4,396,313	16,133,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,517)	(4,167,116)	(4,164,638)	(8,636,271)
Other Financing Sources (Uses)				
Transfers in (out)	150,000	(4,306,755)	4,156,755	-
Construction advances	-	9,024,656	-	9,024,656
Total Other Financing Sources (Uses)	150,000	4,717,901	4,156,755	9,024,656
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(154,517)	550,785	(7,883)	388,385
Fund Balances - Beginning of Year	1,783,456	407,161	3,008,394	5,199,011
Fund Balances - End of Year	$ 1,628,939	$ 957,946	$ 3,000,511	$ 5,587,396

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position

September 30, 2021

Governmental Fund Balances	$	5,587,396
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		3,150,167
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		56,567
Long-term liabilities, including bonds, real estate notes, and revenue notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		(68,249,212)
Total Net Position of Governmental Activities	$	(59,455,082)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities for the year ended September 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$	388,385
Amounts reported for governmental activities in the Statement of Activities are different because:		
Property tax revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement		(26,776)
Governmental funds report principal payments in the period they are paid while the payment reduces long-term liabilities in the Statement of Net Assets		3,819,450
Accrued interest is reported in the statement of activities, but does not require the use of financial resources and therefore is not reported as an expenditure in governmental funds		(486,500)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources		(9,024,656)
Changes in Net Position of Governmental Activities	$	(5,330,097)

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES***

Organization

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law on July 19, 1965 to rehabilitate, conserve, and redevelop deteriorated or deteriorating areas in the City of Twin Falls to increase the tax base, promote economic development and promote employment.

In April 1998, the Urban Renewal Agency adopted an Urban Renewal Plan for Urban Renewal Area No. 4 and created Revenue Allocation Area No. 4. The original area included the old town area and much of the industrial area of Twin Falls, stretching from 2800 East to 3300 East between the South Park Avenue/ Kimberly Road line on the north and Orchard Avenue on the south. Later a call center building on Poleline Road and Revenue Allocation Area's No. 4-3 and 4-4 were added. The following Revenue Allocation Areas now exist:

> Revenue Allocation Area No. 4-1 includes limited areas within Urban Renewal Area No. 4. In July of 2013 the Board of Directors approved an expansion of the original Revenue Allocation Area 4-1. The expansion, of 10%, was towards the central downtown area of Twin Falls.
>
> Revenue Allocation Area No. 4-3 was created in November 2011. Revenue Allocation Area No. 4-3 consists of approximately two hundred and twenty acres and is generally located south of Kimberly Road (3800 North of Highway 30, west of 3300 East and north of the railroad).
>
> Revenue Allocation Area No. 4-4 was created in May, 2015 and consists of approximately ninety acres. It is generally located south of Kimberly Road (3800 North or Hwy 30), west of 3300 East, and south of the railroad right-of-way.

Under Chapter 20, Title 50 of the Idaho Code, the Agency is an independent public body, corporate and politic. For financial reporting purposes only, the Agency is a discretely presented component unit of the reporting entity of the City of Twin Falls, Idaho.

Financial Reporting Entity
The Agency's financial statements include the accounts of all Agency operations. Governmental accounting and financial reporting standards require the inclusion of any organizations considered a component unit of the reporting entity.

Urban Renewal Agency of the City of Twin Falls, Idaho has no component units, but is considered a component unit of the City.

The financial statements of the Urban Renewal Agency of the City of Twin Falls, Idaho, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the governmental Agency's accounting policies are described below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Basis of Presentation, Measurement Focus and Basis of Accounting

The Agency's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements
The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Agency as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Agency's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Agency does not have any business-type activities.

The statement of net position presents the financial position of the governmental activities of the Agency at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Agency does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Agency's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the Agency. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements
During the year, the Agency segregates transactions related to certain Agency functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Fund Financial Statements-continued
Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting
The Agency uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Agency has only one category of funds: governmental.

Governmental Funds
Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Agency reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance. The following are the Agency's major governmental funds:

Major Governmental Funds
The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *redevelopment fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements
The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and deferred inflows of resources associated with the operation of the Agency are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements
All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Basis of Accounting
Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues-Non-exchange Transactions
Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Agency must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: Property taxes and interest. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Unearned Revenue
Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

Deposits and Investments
Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Short-term investments are all in U. S. Treasury money market funds regulated by the Securities and Exchange Commission.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair market value at year end.

The Agency is a voluntary participant in the State of Idaho Local Government Investment Pool (LPIG). The LPIG is regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the Agency's investments in the pool is reported in the accompanying financial statements at amounts based on the Agency's pro-rata share of the fair market value provided by the fund for the entire portfolio. The LGIP is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk
For deposits and investments, custodial credit risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk
Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's Standard & Poor's and Fitch's. The investments of the Agency are not rated, and the Agency's policy does not restrict them to rated.

Receivables and Payables
All trade and property tax receivables are shown net of any allowances for collectability.

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets
Tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received, these revenues are deposited in a separate account controlled by a bank trustee. All use of these funds must be requisitioned, and approval of the trustee is required before payment is made.

The amount shown as restricted cash in the financial statements is the maximum annual debt service requirements for both principal and interest on the bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Capital Assets
In its process and efforts to rehabilitate many areas of the City of Twin Falls, the Agency has acquired certain properties and made improvements such as streets, parking lots and parks. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

Donated assets are stated at fair value on the date donated.

Deferred Inflows of Resources
In addition to liabilities, the statement of financial 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Transactions
Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activity's column are eliminated. Interfund transactions are reported as operating transfers in conformity with generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are reported as an expense of the current period. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources.

The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Accrued Liabilities and Long-Term Obligations-continued
In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity
Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Governmental Fund Balances
Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable fund balance - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Agency’s highest level of decision-making authority, the Board of Directors.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board of Directors through the budgetary process.

Unassigned Fund Balance – This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Agency applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets
Annually by September 1, the Agency is required to adopt and publish a budget for the next fiscal year. This budget is prepared by fund and includes historical information for the prior two years.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, redevelopment, and debt service funds. All annual appropriations lapse at fiscal year-end.

Excess of Expenditures over Appropriations
For the fund year ended September 30, 2021, the Debt Service Fund exceeded appropriations in the amount of $7,883.

Other
The Agency’s Funds are requiring more accountability as additional revenue allocation areas are added. No allocation was made of property tax revenues to the general funds revenues, as has been the practice in past years, in an effort to first use the general funds reserves before requiring revenue allocation areas to contribute to the General Funds annual overhead.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents – A reconciliation of cash and cash equivalents at September 30, 2021 is as follows.

Cash in bank	$	22,184
State Investment Pool		1,697,969
Money-market bond funds		3,943,029
Total Cash & Cash Equivalents	$	5,663,182

The reconciled bank balance is covered by $250,000 federal depository insurance with the remainder covered by collateral held by the Agency's agent in the Agency's name.

The Agency has no investments in foreign currency and no expenses to foreign currency risk.

4. *TAXES RECEIVABLE AND UNAVAILABLE REVENUE*

The Urban Renewal Agency operates within Twin Falls County, Idaho. Idaho counties are responsible for collecting property taxes and remitting them to the various taxing entities within the County. Annually, taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20 in the following year. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner, and such other persons described by statute, by paying all back taxes and accumulated penalties, interest and costs.

In the governmental fund statements, taxes receivable and unavailable revenue consist of property tax revenue yet to be collected. Amount due from other governments is the property tax revenue estimated to be collected by Twin Falls County after year end and remitted to the Agency through November 2021.

5. INTERFUND TRANSFERS

A summary of interfund transfers follows:

	Transfers In	Transfers Out
General	$ 150,000	$ -
Redevelopment	-	4,306,755
Debt Service	4,156,755	-
	$ 4,306,755	$ 4,306,755

6. *CAPITAL ASSETS*

A summary of activity in the general fixed for the Agency for the year ended September 30, 2021, was as follows:

	Balance, September 30, 2020	Additions	Deletions or Transfers	Balance, September 30, 2021
Governmental Activities:				
Land and Buildings	$ 3,150,167	$ -	$ -	$ 3,150,167
	$ 3,150,167	$ -	$ -	$ 3,150,167

7. *LONG-TERM DEBT*

All long-term debt the Agency has issued are revenue allocation bonds that are payable, both principal and interest, solely from the revenues the Agency derives from the increased property taxes generated from the revenue allocation area described in the bond ordinance.

Revenue bonds and notes

Outstanding debt on September 30, 2021 consists of the following:

Revenue Allocation Bond, Series 2016A, dated July 1, 2016 and maturing September 1, 2036. The proceeds of the bonds provided funds to repay interim financing for the Clif Bar Project, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require semiannual payments on March 1, and September 1 each year. The bonds bear interest at 5.5%.	$11,050,000
Revenue Allocation Refunding Bonds, Series 2015A (Tax Exempt), dated February 5, 2015 and maturing August 1, 2022. The proceeds of the bonds provided funds to refund prior obligations issued, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require annual sinking fund deposits on August 1 each year. The bonds bear interest at 2.1%.	405,000

7. LONG-TERM DEBT – continued

Revenue Allocation Bonds, Series 2013A, dated February 21, 2013 and maturing April 1, 2032. The proceeds of the bonds provided funding to certain urban renewal projects. The bonds are term bonds that require annual sinking fund deposits on April 1 each year. The bonds bear interest at 6.318%. Repayment of the bonds is guaranteed by Chobani Global Holding, Inc.	22,463,000
Revenue Allocation Bonds, Series 2015C, dated July 23, 2015 and maturing August 1, 2022. The proceeds of the bonds were used and will be used to fund renewal projects along or near the Main Ave. of Twin Falls, downtown. The bonds are term bonds that require semi-annual interest payments on February 1 and August 1. Annual principal payments are due on August 1 each. The bonds interest rates vary; currently the rate is 1.534%.	1,805,000
Total	$ 35,723,000

Expected annual maturities of these obligations are as follows:

September 30,	Total	Interest	Principal
2022	$ 6,597,636	2,071,636	4,526,000
2023	4,276,433	1,876,433	2,400,000
2024	4,198,995	1,730,995	2,468,000
2025	4,121,276	1,581,276	2,540,000
2026	4,053,610	1,426,610	2,627,000
2027-2031	19,167,526	4,611,526	14,556,000
2032-2036	7,418,572	812,572	6,606,000
Total	$ 49,834,048	$ 14,111,048	$ 35,723,000

The Agency is also indebted to Chobani Idaho, LLC. The Agency entered into a Projects Improvements Reimbursement Agreement on May 9, 2016, to reimburse cost incurred by Chobani to construct certain Project Improvements authorized by the Development Agreement, including site remediation, a water storage tank and a wastewater equalization tank. On September 30, 2021, the Agency was indebted in the amount of $15,176,070. The Agency is also indebted to Clif Bar & Company. The Agency entered into a Development Agreement on October 17, 2013, to reimburse cost incurred by Clif Bar & Company to construct certain Project Improvements authorized by the Development Agreement. On September 30, 2021, the Agency was indebted in the amount of $10,234,049.

7. LONG-TERM DEBT – continued

The Agency is also indebted to the City of Twin Falls. The Agency entered into an agreement on April 10, 2017 to purchase a parcel of real property, including a wastewater treatment facility. The property was then transferred to Con Agra. On September 30, 2021, the Agency was indebted in the amount of $3,000,000. The obligation bears no interest and requires repayment as incremental tax revenue from Revenue Allocation Area 4-1 becomes available and full repayment prior to the area's closure.

Changes in Long-Term Debt

During the year ended September 30, 2021, the following changes occurred in liabilities reported as the general long-term debt.

Obligation	Balances, September 30, 2020	Additions	Repayments	Balances, September 30, 2021
Revenue Allocation Bonds, Series 2013A	$ 23,969,000	$ -	$ 1,506,000	$ 22,463,000
Revenue Allocation Bonds, Series 2015A-Tax Exempt	623,000	-	218,000	405,000
Revenue Allocation Bonds, Series 2015C-Taxable	2,777,000	-	972,000	1,805,000
Revenue Allocation Bonds, Series 2016	11,785,000	-	735,000	11,050,000
Total Revenue Bonds	39,154,000	-	3,431,000	35,723,000
Chobani Idaho, LLC-Projects Improvements Reimbursement Agreement	6,539,864	9,024,656	388,450	15,176,070
Clif Bar-Development Agreement	10,234,049	-	-	10,234,049
City of Twin Falls Agreement	3,000,000	-	-	3,000,000
Total Agreements	19,773,913	9,024,656	388,450	28,410,119
Total	$ 58,927,913	$ 9,024,656	$ 3,819,450	$ 64,133,119

7. LONG-TERM DEBT – continued

The bonds, or other debt of the Agency are not indebtedness, within the meaning of any constitutional or statutory debt limitation and are not and will not be a debt of the Agency of Twin Falls, and the Agency shall not be liable thereon.

8. *MANAGEMENT AGREEMENT*

The Agency and the City of Twin Falls entered into an agreement in March 1993, where the City agreed to provide administrative, legal, engineering, budgeting, and accounting services in exchange for a fee paid by the Agency. The amount is determined annually and was $208,000 for the year.

9. *COMMITMENTS AND SUBSEQUENT EVENTS*

The COVID-19 pandemic has developed rapidly in 2021, with a considerable number of cases. Measures taken by various governments to contain the virus have affected economic activity.

At this stage, the impact on Urban Renewal Agency's business and results have not been significant and based on our experience to date we expect this to remain the case.

The Agency has evaluated subsequent events through January 25, 2022, the date which the financial statements were available to be issued.

10. *BOND COVENANT COMPLIANCE*

The Agency is subject to various covenants as a result of bonds issued by the Agency. For example, the bonds may require an annual audit, timely payments, an adequate cash reserve in case of an overdue payment, sufficient revenue collections, or notifications of "Listed Events." During the year ended September 30, 2021, the Agency was in compliance with these covenants.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Rental income	$ 15,996	$ 15,996	$ 26,000	$ 10,004
Investment Income	45,000	45,000	5,481	(39,519)
Other income	150,000	150,000	500	(149,500)
Total Revenues	210,996	210,996	31,981	(179,015)
Expenditures				
Current				
General government	332,380	332,380	277,862	54,518
Area development and improvements	1,928,616	1,928,616	58,636	1,869,980
Total Expenditures	2,260,996	2,260,996	336,498	1,924,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,050,000)	(2,050,000)	(304,517)	1,745,483
Other Financing Sources (Uses)				
Transfers in (out)	-	-	150,000	150,000
Proceeds from the sale of assets	-	-	-	-
Total Other Financing Sources (Uses)	-	-	150,000	150,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (2,050,000)	$ (2,050,000)	(154,517)	$ 1,895,483
Fund Balance - Beginning of Year			1,783,456	
Fund Balance - End of Year			$ 1,628,939	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 7,718,000	$ 7,718,000	$ 7,232,960	$ (485,040)
Investment income	10,000	10,000	183	(9,817)
Other Income	-	-	-	-
Total Revenues	7,728,000	7,728,000	7,233,143	(494,857)
Expenditures				
Current				
General government and administration	-	-	17,347	(17,347)
Area development and improvements	699,367	699,367	9,649,313	(8,949,946)
Real estate expense	-	-	68,697	(68,697)
Debt service				
Principal	2,939,887	2,939,887	1,578,450	1,361,437
Interest and other charges	92,633	92,633	86,452	6,181
Total Expenditures	3,731,887	3,731,887	11,400,259	(7,668,372)
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,996,113	3,996,113	(4,167,116)	(8,163,229)
Other Financing Sources (Uses)				
Construction advances	-	-	9,024,656	9,024,656
Transfers in (out)	(4,346,113)	(4,346,113)	(4,306,755)	39,358
Total Other Financing Sources (Uses)	(4,346,113)	(4,346,113)	4,717,901	9,064,014
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (350,000)	$ (350,000)	550,785	$ 900,785
Fund Balance - Beginning of Year			407,161	
Fund Balance - End of Year			$ 957,946	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Investment income	$ 50,200	$ 50,200	$ 575	(49,625)
Contributions	-	-	231,100	231,100
Total Revenues	50,200	50,200	231,675	181,475
Expenditures				
Debt service				
Principal	2,241,000	2,241,000	2,241,000	-
Interest and other charges	2,155,313	2,155,313	2,155,313	-
Total Expenditures	4,396,313	4,396,313	4,396,313	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,346,113)	(4,346,113)	(4,164,638)	181,475
Other Financing Sources (Uses)				
Transfers in (out)	4,346,113	4,346,113	4,156,755	(189,358)
Total Other Financing Sources (Uses)	4,346,113	4,346,113	4,156,755	(189,358)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ -	$ -	(7,883)	(7,883)
Fund Balance - Beginning of Year			3,008,394	
Fund Balance - End of Year			$ 3,000,511	

The accompanying notes are an integral part of the financial statements

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Combined Fund Balance Sheet

REDEVELOPMENT FUNDS

September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Redevelopment Funds
Assets				
Cash and cash equivalents	$ 1,005,643	$ (19,728)	$ (3,665)	$ 982,250
Property tax receivable	60,948	-	-	60,948
Due from other governments	1,219	-	-	1,219
Total Assets	$ 1,067,810	$ (19,728)	$ (3,665)	$ 1,044,417
Liabilities				
Accounts payable	$ 9,904	$ -	$ -	$ 9,904
Deposits payable	20,000			20,000
Total Liabilities	29,904	-	-	29,904
Deferred Inflows of Resources				
Unavailable revenue-property taxes	56,567	-	-	56,567
Fund Balances				
Restricted fund balance:	981,339	-	-	981,339
Unrestricted fund balance:				
Committed fund balance	-	-		-
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	(19,728)	(3,665)	(23,393)
Total Fund Balances	981,339	(19,728)	(3,665)	957,946
Total Liabilities and Fund Balances	$ 1,067,810	$ (19,728)	$ (3,665)	$ 1,044,417

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Redevelopment Fund
Revenues				
Property taxes	$ 2,554,233	$ 3,536,853	$ 1,141,874	$ 7,232,960
Investment income	-	165	18	183
Contributions	-	-	-	-
Total Revenues	2,554,233	3,537,018	1,141,892	7,233,143
Expenditures				
Current				
General government and administration	16,678	45	624	17,347
Area development and improvements	624,657	9,024,656	-	9,649,313
Real estate expense	68,697	-	-	68,697
Debt service				
Principal	1,190,000	388,450	-	1,578,450
Interest and other charges	84,452	-	2,000	86,452
Total Expenditures	1,984,484	9,413,151	2,624	11,400,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	569,749	(5,876,133)	1,139,268	(4,167,116)
Other Financing Sources (Uses)				
Construction advances	-	9,024,656	-	9,024,656
Transfers in (out)	-	(3,164,855)	(1,141,900)	(4,306,755)
Total Other Financing Sources (Uses)	-	5,859,801	(1,141,900)	4,717,901
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	569,749	(16,332)	(2,632)	550,785
Fund Balance - Beginning of Year	411,590	(3,396)	(1,033)	407,161
Fund Balance - End of Year	$ 981,339	$ (19,728)	$ (3,665)	$ 957,946

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Combined Fund Balance Sheet

DEBT SERVICE FUNDS

September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Funds
Assets				
Cash and cash equivalents	$ -	$ 3,000,511	$ -	$ 3,000,511
Total Assets	$ -	$ 3,000,511	$ -	$ 3,000,511
Liabilities				
Accounts Payable	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Fund Balances				
Restricted fund balance:	-	3,000,511	-	3,000,511
Unrestricted fund balance:				-
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	-	-	-
Total Fund Balances	-	3,000,511	-	3,000,511
Total Liabilities and Fund Balances	$ -	$ 3,000,511	$ -	$ 3,000,511

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2021

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Fund
Revenues				
Investment income	$ -	$ 575	$ -	$ 575
Contributions	-	-	231,100	231,100
Total Revenues	-	575	231,100	231,675
Expenditures				
Current				
Debt service				
Principal	-	1,506,000	735,000	2,241,000
Interest and other charges	-	1,517,313	638,000	2,155,313
Bond issuance costs	-	-		-
Total Expenditures	-	3,023,313	1,373,000	4,396,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,022,738)	(1,141,900)	(4,164,638)
Other Financing Sources (Uses)				
Transfers in (out)	-	3,014,855	1,141,900	4,156,755
Bond issuance				-
Total Other Financing Sources (Uses)	-	3,014,855	1,141,900	4,156,755
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(7,883)	-	(7,883)
Fund Balance - Beginning of Year	-	3,008,394	-	3,008,394
Fund Balance - End of Year	$ -	$ 3,000,511	$ -	$ 3,000,511

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

To the Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho's, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements, and have issued our report thereon dated January 25, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting (internal control) to determine the 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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Urban Renewal Agency of the City of Twin Falls, Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, PLLC
TWIN FALLS, IDAHO
January 25, 2022

Attachment D

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

AUDITED FINANCIAL STATEMENTS
September 30, 2022

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO

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MH&co Mahlke Hunsaker & Company PLLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Urban Renewal Agency of the City of Twin Falls, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Urban Renewal Agency of the City of Twin Falls, Idaho's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Urban Renewal Agency of the City of Twin Falls, Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mahlke Hunsaker & Company pllc
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 04, 2023, on our consideration of the Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Urban Renewal Agency of the City of Twin Falls, Idaho's 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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control over financial reporting and compliance.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, pllc
Twin Falls, Idaho
January 04, 2023

FINANCIAL STATEMENTS

Government-Wide Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Net Position

September 30, 2022

		Governmental Activities
Assets		
Cash and cash equivalents	$	5,303,142
Receivables:		
Property taxes		37,482
Interest income		9,656
Other governments		1,219
Prepaid Deposits		25,000
Real estate		2,913,562
Total Assets	$	8,290,061
Liabilities		
Pooled Cash Deficit	$	34,724
Accounts payable		37,039
Accrued interest		4,666,325
Deposits payable		23,916
Development Agreement		10,234,049
Project Improvement Reimbursement Agreement		14,562,772
Noncurrent liabilities		
Due within one year		2,400,000
Due in more than one year		28,797,000
Total Liabilities		60,755,825
Net Position		
Net investment in capital assets		(53,080,259)
Restricted for:		
Debt service		3,006,225
Redevelopment		762,450
Unrestricted		(3,154,180)
Total Net Position		(52,465,764)
Total Liabilities and Net Position	$	8,290,061

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Activities

For the Year Ended September 30, 2022

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General government	$ 403,729	$ -	$ -	$ -	$ (403,729)	$ (403,729)
Community development	120,927	-	-	-	(120,927)	(120,927)
Interest on long-term debt	2,626,258	-	-	-	(2,626,258)	(2,626,258)
Total Governmental Activities	3,150,914	-	-	-	(3,150,914)	(3,150,914)
General Revenues and Transfers:						
Taxes:						
Property taxes, levied for general tax increment purposes					7,610,114	7,610,114
Other income					150,000	150,000
Investment income					38,715	38,715
Rental Income					28,000	28,000
Gain on sale of assets					2,212,725	2,212,725
Contributions					100,678	100,678
Total General Revenues and Transfers					10,140,232	10,140,232
Changes in Net Position					6,989,318	6,989,318
Net Position, October 1, 2021					(59,455,082)	(59,455,082)
Net Position, September 30, 2022					$ (52,465,764)	$ (52,465,764)

The accompanying notes are an integral part of the financial statements

FINANCIAL STATEMENTS

Fund Financial Statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Fund Balance Sheet

GOVERNMENTAL FUNDS

September 30, 2022

	General	Redevelopment	Debt Service	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 1,535,529	$ 767,101	$ 3,000,511	$ 5,303,141
Property tax receivable	-	37,482	-	37,482
Interest income receivable	3,908	3	5,744	9,655
Prepaid deposits		25,000	-	25,000
Due from other governments	-	1,219	-	1,219
Total Assets	$ 1,539,437	$ 830,805	$ 3,006,255	$ 5,376,497
Liabilities				
Pooled Cash Deficit	$ -	$ 34,724	$ -	$ 34,724
Accounts payable	18,148	18,891	-	37,039
Deposits payable	3,916	20,000	-	23,916
Total Liabilities	22,064	73,615	-	95,679
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	29,461	-	29,461
Fund Balances				
Restricted fund balance:	-	762,450	3,006,255	3,768,705
Unrestricted fund balance:				
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	1,517,373	(34,721)	-	1,482,652
Total Fund Balances	1,517,373	727,729	3,006,255	5,251,357
Total Liabilities and Fund Balances	$ 1,539,437	$ 830,805	$ 3,006,255	$ 5,376,497

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General	Redevelopment	Debt Service	Total Governmental Funds
Revenues				
Property taxes	$ -	$ 7,637,219	$ -	$ 7,637,219
Rental income	28,000	-	-	28,000
Investment income	16,305	2,646	19,763	38,714
Other income	150,000	-	-	150,000
Contributions	-	-	100,678	100,678
Total Revenues	194,305	7,639,865	120,441	7,954,611
Expenditures				
Current				
General government and administration	292,831	41,008	-	333,839
Area development and improvements	13,041	658,556	-	671,597
Real estate expense	-	69,890	-	69,890
Debt service				
Principal	-	2,823,298	2,316,000	5,139,298
Interest and other charges	-	56,284	2,019,742	2,076,026
Total Expenditures	305,872	3,649,036	4,335,742	8,290,650
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,567)	3,990,829	(4,215,301)	(336,039)
Other Financing Sources (Uses)				
Transfers in (out)	-	(4,221,045)	4,221,045	-
Total Other Financing Sources (Uses)	-	(4,221,045)	4,221,045	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(111,567)	(230,216)	5,744	(336,039)
Fund Balances - Beginning of Year	1,628,940	957,945	3,000,511	5,587,396
Fund Balances - End of Year	$ 1,517,373	$ 727,729	$ 3,006,255	$ 5,251,357

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position
September 30, 2022

Governmental Fund Balances	$	5,251,357
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		2,913,562
Certain property tax collections are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the governmental funds		29,461
Long-term liabilities, including bonds, real estate notes, and revenue notes and related accrued interest, are not due and payable in the current period and therefore are not reported in the governmental funds		(60,660,144)
Total Net Position of Governmental Activities	$	(52,465,764)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities for the year ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds	$	(336,039)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset. This is the amount by which capital outlays exceeded depreciation in the current period		
Expenditures for capital assets		550,670
Gain on Sale of Capital Assets		2,212,725
Property tax revenues in the government-wide statement of activities include economic resources that are not reported as revenues in the governmental fund operating statement		(27,106)
Governmental funds report principal payments in the period they are paid while the payment reduces long-term liabilities in the Statement of Net Assets		5,139,298
Accrued interest is reported in the statement of activities, but does not require the use of financial resources and therefore is not reported as an expenditure in governmental funds		(550,230)
Changes in Net Position of Governmental Activities	$	6,989,318

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES***

Organization

The Urban Renewal Agency of the City of Twin Falls, Idaho was organized under Idaho law on July 19, 1965 to rehabilitate, conserve, and redevelop deteriorated or deteriorating areas in the City of Twin Falls to increase the tax base, promote economic development and promote employment.

In April 1998, the Urban Renewal Agency adopted an Urban Renewal Plan for Urban Renewal Area No. 4 and created Revenue Allocation Area No. 4. The original area included the old town area and much of the industrial area of Twin Falls, stretching from 2800 East to 3300 East between the South Park Avenue/ Kimberly Road line on the north and Orchard Avenue on the south. Later other revenue allocation areas were added. The following revenue allocation areas now exist:

> Revenue Allocation Area No. 4-1 includes limited areas within Urban Renewal Area No. 4. In July of 2013 the Board of Directors approved an expansion of the original Revenue Allocation Area 4-1. The expansion, of 10%, was towards the central downtown area of Twin Falls. This revenue allocation area has a termination date of December 31, 2022. During the subsequent year, in 2023, the Board will wind down the activities of the area and dispose of its assets.
>
> Revenue Allocation Area No. 4-3 was created in November 2011. Revenue Allocation Area No. 4-3 consists of approximately two hundred and twenty acres and is generally located south of Kimberly Road (3800 North of Highway 30, west of 3300 East and north of the railroad).
>
> Revenue Allocation Area No. 4-4 was created in May, 2015 and consists of approximately ninety acres. It is generally located south of Kimberly Road (3800 North or Hwy 30), west of 3300 East, and south of the railroad right-of-way.
>
> Washington Street South was created in January 2020 and contains approximately 90 acres. It is located primarily in the south-central part of the City and comprises parcels adjacent or near a major north/south arterial, Washington Street South, also designated as Idaho State Highway 74. The area currently has no planned development.

The Idaho State Tax Commission is charged with maintaining a registry of urban renewal agency plans within the state. Copies of the plans for the above areas can be found at https://tax.idaho.gov/urban-renewal-registry/

Under Chapter 20, Title 50 of the Idaho Code, the Agency is an independent public body, corporate and politic. For financial reporting purposes only, the Agency is a discretely presented component unit of the reporting entity of the City of Twin Falls, Idaho.

Financial Reporting Entity

The Agency's financial statements include the accounts of all Agency operations. Governmental accounting and financial reporting standards require the inclusion of any organizations considered a component unit of the reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Financial Reporting Entity-continued
Urban Renewal Agency of the City of Twin Falls, Idaho has no component units, but is considered a component unit of the City.

The financial statements of the Urban Renewal Agency of the City of Twin Falls, Idaho, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the governmental Agency's accounting policies are described below.

Basis of Presentation, Measurement Focus and Basis of Accounting

The Agency's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements
The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Agency as a whole. The primary government is presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Agency's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Agency does not have any business-type activities.

The statement of net position presents the financial position of the governmental activities of the Agency at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Agency's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Agency does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Agency's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Government-Wide Financial Statements-continued
Other revenue sources not properly included with program revenues are reported as general revenues of the Agency. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Agency.

Fund Financial Statements
During the year, the Agency segregates transactions related to certain Agency functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Agency at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns.

Fund Accounting
The Agency uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Agency has only one category of funds: governmental.

Governmental Funds
Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Agency reports the difference between its governmental fund assets and its liabilities and deferred inflows of resources as fund balance. The following are the Agency's major governmental funds:

Major Governmental Funds
The *general fund* is the Agency's primary operating fund. It accounts for all financial resources of the agency, except those required to be accounted for in another fund.

The *redevelopment fund* accounts for revenue sources that are legally restricted to expenditures for specific purposes.

The *debt service fund* accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

<u>Measurement Focus, Basis of Accounting and Basis of Presentation</u>

Government-wide Financial Statements
The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and deferred inflows of resources associated with the operation of the Agency are included on the statement of net position. The statement of activities reports revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Fund Financial Statements
All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Basis of Accounting
Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Agency, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues-Non-exchange Transactions
Non-exchange transactions, in which the Agency receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Agency must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized in the governmental funds.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: Property taxes and interest. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Unearned Revenue
Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

Deposits and Investments
Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Agency. Short-term investments are all in U. S. Treasury money market funds regulated by the Securities and Exchange Commission.

State statutes authorize the Agency to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are stated at fair market value at year end.

The Agency is a voluntary participant in the State of Idaho Local Government Investment Pool (LPIG). The LPIG is regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the Agency's investments in the pool is reported in the accompanying financial statements at amounts based on the Agency's pro-rata share of the fair market value provided by the fund for the entire portfolio. The LGIP is not rated by a nationally recognized statistical rating organization.

Custodial Credit Risk
For deposits and investments, custodial credit risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Agency does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk
Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's Standard & Poor's and Fitch's. The investments of the Agency are not rated, and the Agency's policy does not restrict them to rated.

Receivables and Payables
All trade and property tax receivables are shown net of any allowances for collectability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets
Tax increment property tax revenues are restricted first to the ongoing payment of revenue bonds outstanding. When received, these revenues are deposited in a separate account controlled by a bank trustee. All use of these funds must be requisitioned, and approval of the trustee is required before payment is made.

The amount shown as restricted cash in the financial statements is the maximum annual debt service requirements for both principal and interest on the bonds.

Capital Assets
In its process and efforts to rehabilitate many areas of the City of Twin Falls, the Agency has acquired certain properties and made improvements such as streets, parking lots and parks. Many of these parcels acquired and constructed have been contributed to the City of Twin Falls but certain real estate acquisitions are held by the Agency for future rehabilitation, conservation, redevelopment, and sale in accordance with its purpose.

Donated assets are stated at fair value on the date donated.

Deferred Inflows of Resources
In addition to liabilities, the statement of financial 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 only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Interfund Transactions
Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds. Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between funds reported in the governmental activity's column are eliminated. Interfund transactions are reported as operating transfers in conformity with generally accepted accounting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Accrued Liabilities and Long-Term Obligations
All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In the government-wide financial statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payables are reported net of applicable bond premiums or discounts. Bond issuance costs are reported as an expense of the current period. Refunding of debt may result in deferred gains or losses and are reported as deferred inflows and outflows of resources.

The difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity
Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Governmental Fund Balances
Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable fund balance - Includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted fund balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the Agency’s highest level of decision-making authority, the Board of Directors.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board of Directors through the budgetary process.

1. SUMMARY OF SIGNIFICANT ACCOUNTING PROCEDURES-Continued

Governmental Fund Balances-continued
Unassigned Fund Balance – This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position
Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Agency applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets
Annually by September 1, the Agency is required to adopt and publish a budget for the next fiscal year. This budget is prepared by fund and includes historical information for the prior two years.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, redevelopment, and debt service funds. All annual appropriations lapse at fiscal year-end.

Excess of Expenditures over Appropriations
For the fund year ended September 30, 2022, no funds exceeded appropriations.

Other
The Agency's Funds are requiring more accountability as additional revenue allocation areas are added. No allocation was made of property tax revenues to the general funds revenues, as has been the practice in past years, in an effort to first use the general funds reserves before requiring revenue allocation areas to contribute to the General Funds annual overhead.

3. CASH AND INVESTMENTS

Cash and Cash Equivalents – A reconciliation of cash and cash equivalents on September 30, 2022 is as follows.

Cash in bank	$	18,976
State Investment Pool		2,254,992
Money-market bond funds		2,994,450
Total Cash & Cash Equivalents	$	5,268,418

Cash and Cash Equivalents is reported on the financial statements:

Cash and Cash Equivalents	$	5,303,142
Pooled Cash Deficit		(34,724)
Total Cash & Cash Equivalents	$	5,268,418

The reconciled bank balance is covered by $250,000 federal depository insurance with the remainder covered by collateral held by the Agency's agent in the Agency's name.

The Agency has no investments in foreign currency and no expenses to foreign currency risk.

4. *TAXES RECEIVABLE AND UNAVAILABLE REVENUE*

The Urban Renewal Agency operates within Twin Falls County, Idaho. Idaho counties are responsible for collecting property taxes and remitting them to the various taxing entities within the County. Annually, taxes on property are due on the 20th of December; however, they may be paid in two installments with the second installment due June 20 in the following year. Penalties and interest are assessed if a taxpayer fails to pay an installment within ten days of the installment due date.

Taxes on real property are a lien on the property and attach on July 1, of the year for which taxes are levied. After a three-year waiting period, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner, and such other persons described by statute, by paying all back taxes and accumulated penalties, interest, and costs.

In the governmental fund statements, taxes receivable and unavailable revenue consist of property tax revenue yet to be collected. Amount due from other governments is the property tax revenue estimated to be collected by Twin Falls County after year end and remitted to the Agency through November 2022.

5. *INTERFUND TRANSFERS*

A summary of interfund transfers follows:

	Transfers In	**Transfers Out**
Redevelopment	$ -	$ 4,221,045
Debt Service	4,221,045	-
	$ 4,221,045	$ 4,221,045

6. *CAPITAL ASSETS*

A summary of activity of capital assets for the Agency for the year ended September 30, 2022, was as follows:

	Balance, September 30, 2021	Additions	Deletions or Transfers	Balance, September 30, 2022
Governmental Activities:				
Land and Buildings	$ 3,150,167	$ 550,670	$ (787,275)	$ 2,913,562
	$ 3,150,167	$ 550,670	$ (787,275)	$ 2,913,562

7. *LONG-TERM DEBT*

All long-term debt the Agency has issued are revenue allocation bonds that are payable, both principal and interest, solely from the revenues the Agency derives from the increased property taxes generated from the revenue allocation area described in the bond ordinance.

<u>Revenue bonds and notes</u>

Outstanding debt on September 30, 2022 consists of the following:

Revenue Allocation Bond, Series 2016A, dated July 1, 2016 and maturing September 1, 2036. The proceeds of the bonds provided funds to repay interim financing for the Clif Bar Project, establish a reserve fund, and to pay costs of issuance of the Bonds and other expenses. The bonds are term bonds that require semiannual payments on March 1, and September 1 each year. The bonds bear interest at 5.5%.	$ 10,315,000
Revenue Allocation Bonds, Series 2013A, dated February 21, 2013 and maturing April 1, 2032. The proceeds of the bonds provided funding to certain urban renewal projects. The bonds are term bonds that require annual sinking fund deposits on April 1 each year. The bonds bear interest at 6.318%. Repayment of the bonds is guaranteed by Chobani Global Holding , Inc.	20,882,000
Total	$ 31,197,000

7. LONG-TERM DEBT – continued

Expected annual maturities of these obligations are as follows:

September 30,	Total	Interest	Principal
2023	$ 4,276,433	1,876,433	2,400,000
2024	4,198,995	1,730,995	2,468,000
2025	4,121,276	1,581,276	2,540,000
2026	4,053,610	1,426,610	2,627,000
2027	3,984,407	1,266,407	2,718,000
2028-2032	18,814,165	3,720,165	15,094,000
2033-2036	3,787,525	437,525	3,350,000
Total	$ 43,236,411	$ 12,039,411	$ 31,197,000

The Agency is also indebted to Chobani Idaho, LLC. The Agency entered into a Projects Improvements Reimbursement Agreement on May 9, 2016, to reimburse cost incurred by Chobani to construct certain Project Improvements authorized by the Development Agreement, including site remediation, a water storage tank and a wastewater equalization tank. On September 30, 2022, the Agency was indebted in the amount of $14,562,772.

The Agency is also indebted to Clif Bar & Company. The Agency entered into a Development Agreement on October 17, 2013, to reimburse cost incurred by Clif Bar & Company to construct certain Project Improvements authorized by the Development Agreement. On September 30, 2022, the Agency was indebted in the amount of $10,234,049. That amount accrues interest at a variable rate, 7.5% on September 30, 2022. Accrued interest at year end totaled $3,982,338. For several years the Agency has not been able to make any payments on the indebtedness. The agreement states that any existing debt with Clif Bar by the Agency at the end of the revenue allocation area’s life ends without recourse.

7. LONG-TERM DEBT – continued

During the year ended September 30, 2022, the following changes occurred in liabilities reported as the general long-term debt.

Obligation	Balances, September 30, 2021	Additions	Repayments	Balances, September 30, 2022
Revenue Allocation Bonds, Series 2013A	$ 22,463,000	$ -	$ 1,581,000	$ 20,882,000
Revenue Allocation Bonds, Series 2015A-Tax Exempt	405,000	-	405,000	-
Revenue Allocation Bonds, Series 2015C-Taxable	1,805,000	-	1,805,000	-
Revenue Allocation Bonds, Series 2016	11,050,000	-	735,000	10,315,000
Total Revenue Bonds	35,723,000	-	4,526,000	31,197,000
Chobani Idaho, LLC-Projects Improvements Reimbursement Agreement	15,176,070	-	613,298	14,562,772
Clif Bar-Development Agreement	10,234,049	-	-	10,234,049
City of Twin Falls Agreement	3,000,000	-	3,000,000	-
Total Agreements	28,410,119	-	3,613,298	24,796,821
Total	$ 64,133,119	$ -	$ 8,139,298	$ 55,993,821

The bonds, or other debt of the Agency are not indebtedness, within the meaning of any constitutional or statutory debt limitation and are not and will not be a debt of the Agency of Twin Falls, and the Agency shall not be liable thereon.

8. *MANAGEMENT AGREEMENT*

The Agency and the City of Twin Falls entered into an agreement in March 1993, where the City agreed to provide administrative, legal, engineering, budgeting, and accounting services in exchange for a fee paid by the Agency. The amount is determined annually and was $208,000 for the year.

9. *COMMITMENTS AND SUBSEQUENT EVENTS*

In November 2022 a new revenue allocation area was created, the Orchard Drive East Project Area. It consists of approximately 80 acres and is generally located on the west side of N 3300 Road E/Champlin Road and north of E 3700 N/Orchard Drive East.

The Agency has committed up to $2,000,000.00 to a developer for construction of a public parking facility within Revenue Allocation Area 4-1.

As mentioned previously, Revenue Allocation Area No. 4-1 has reached the end of the life allowed by statute. The area terminated December 31, 2022. In Idaho property taxes are assessed in one year and collected the following year. During 2023 the area will be collecting its final revenues, settling existing obligations, and liquidating assets. A termination budget was adopted by the Board for the final year. That budget will be updated as the closure process progresses.

The Agency has evaluated subsequent events through January 04, 2023, the date which the financial statements were available to be issued.

10. *BOND COVENANT COMPLIANCE*

The Agency is subject to various covenants as a result of bonds issued by the Agency. For example, the bonds may require an annual audit, timely payments, an adequate cash reserve in case of an overdue payment, sufficient revenue collections, or notifications of “Listed Events.” During the year ended September 30, 2022, the Agency was in compliance with these covenants.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Rental income	$ 30,000	$ 30,000	$ 28,000	$ (2,000)
Investment Income	3,000	3,000	16,305	13,305
Other income	150,000	150,000	150,000	-
Total Revenues	183,000	183,000	194,305	11,305
Expenditures				
Current				
General government	315,180	315,180	292,831	22,349
Area development and improvements	-	-	13,041	(13,041)
Total Expenditures	315,180	315,180	305,872	9,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(132,180)	(132,180)	(111,567)	20,613
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (132,180)	$ (132,180)	(111,567)	$ 20,613
Fund Balance - Beginning of Year			1,628,940	
Fund Balance - End of Year			$ 1,517,373	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 7,820,517	$ 7,820,517	$ 7,637,219	$ (183,298)
Investment income	310	310	2,646	2,336
Total Revenues	7,820,827	7,820,827	7,639,865	(180,962)
Expenditures				
Current				
General government and administration	100	100	41,008	(40,908)
Area development and improvements	2,871,218	2,871,218	658,556	2,212,662
Real estate expense	69,890	69,890	69,890	-
Debt service				
Principal	2,985,000	2,985,000	2,823,298	161,702
Interest and other charges	60,912	60,912	56,284	4,628
Total Expenditures	5,987,120	5,987,120	3,649,036	2,338,084
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,833,707	1,833,707	3,990,829	2,157,122
Other Financing Sources (Uses)				
Issuance of debt	942,700	942,700	-	(942,700)
Transfers in (out)	(4,334,827)	(4,334,827)	(4,221,045)	113,782
Total Other Financing Sources (Uses)	(3,392,127)	(3,392,127)	(4,221,045)	(828,918)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (1,558,420)	$ (1,558,420)	(230,216)	$ 1,328,204
Fund Balance - Beginning of Year			957,945	
Fund Balance - End of Year			$ 727,729	

The accompanying notes are an integral part of the financial statements

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Investment income	$ 915	$ 915	$ 19,763	18,848
Contributions	-	-	100,678	100,678
Total Revenues	915	915	120,441	119,526
Expenditures				
Debt service				
Principal	2,316,000	2,316,000	2,316,000	-
Interest and other charges	2,019,742	2,019,742	2,019,742	-
Total Expenditures	4,335,742	4,335,742	4,335,742	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,334,827)	(4,334,827)	(4,215,301)	119,526
Other Financing Sources (Uses)				
Transfers in (out)	4,334,827	4,334,827	4,221,045	(113,782)
Total Other Financing Sources (Uses)	4,334,827	4,334,827	4,221,045	(113,782)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ -	$ -	5,744	5,744
Fund Balance - Beginning of Year			3,000,511	
Fund Balance - End of Year			$ 3,006,255	

The accompanying notes are an integral part of the financial statements

SUPPLEMENTARY INFORMATION

URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS, IDAHO
Combined Fund Balance Sheet
REDEVELOPMENT FUNDS
September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Washington Street South	Total Redevelopment Funds
Assets					
Cash and cash equivalents	$ 759,942	$ -	$ -	$ 7,159	$ 767,101
Property tax receivable	37,482	-	-	-	37,482
Interest income receivable	-	1	2	-	3
Prepaid deposits	25,000				25,000
Due from other governments	1,219	-	-	-	1,219
Total Assets	$ 823,643	$ 1	$ 2	$ 7,159	$ 830,805
Liabilities					
Pooled cash deficit	$ -	$ 29,905	$ 4,819	$ -	$ 34,724
Accounts payable	18,891	-	-	-	18,891
Deposits payable	20,000				20,000
Total Liabilities	38,891	29,905	4,819	-	73,615
Deferred Inflows of Resources					
Unavailable revenue-property taxes	29,461	-	-	-	29,461
Fund Balances					
Restricted fund balance:	755,291	-	-	7,159	762,450
Unrestricted fund balance:					
Committed fund balance	-	-			-
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	-	(29,904)	(4,817)	-	(34,721)
Total Fund Balances	755,291	(29,904)	(4,817)	7,159	727,729
Total Liabilities and Fund Balances	$ 823,643	$ 1	$ 2	$ 7,159	$ 830,805

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Redevelopment Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Washington Street South	Total Redevelopment Fund
Revenues					
Property taxes	$ 2,807,446	$ 3,590,874	$ 1,231,740	$ 7,159	$ 7,637,219
Investment income	-	1,396	1,250	-	2,646
Total Revenues	2,807,446	3,592,270	1,232,990	7,159	7,639,865
Expenditures					
Current					
General government and administration	40,763	-	245	-	41,008
Area development and improvements	658,556	-	-	-	658,556
Real estate expense	69,890	-	-	-	69,890
Debt service					
Principal	2,210,000	613,298	-	-	2,823,298
Interest and other charges	54,284	-	2,000	-	56,284
Total Expenditures	3,033,493	613,298	2,245	-	3,649,036
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,047)	2,978,972	1,230,745	7,159	3,990,829
Other Financing Sources (Uses)					
Transfers in (out)	-	(2,989,148)	(1,231,897)	-	(4,221,045)
Total Other Financing Sources (Uses)	-	(2,989,148)	(1,231,897)	-	(4,221,045)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(226,047)	(10,176)	(1,152)	7,159	(230,216)
Fund Balance - Beginning of Year	981,338	(19,728)	(3,665)	-	957,945
Fund Balance - End of Year	$ 755,291	$ (29,904)	$ (4,817)	$ 7,159	$ 727,729

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Combined Fund Balance Sheet

DEBT SERVICE FUNDS

September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Funds
Assets				
Cash and cash equivalents	$ -	$ 3,000,511	$ -	$ 3,000,511
Interest income receivable	-	5,744	-	5,744
Total Assets	$ -	$ 3,006,255	$ -	$ 3,006,255
Liabilities				
Pooled cash deficit	$ -	$ -	$ -	$ -
Accounts Payable	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue-property taxes	-	-	-	-
Fund Balances				
Restricted fund balance:	-	3,006,255	-	3,006,255
Unrestricted fund balance:				-
Committed fund balance	-	-	-	-
Assigned fund balance	-	-	-	-
Unassigned fund balance	-	-	-	-
Total Fund Balances	-	3,006,255	-	3,006,255
Total Liabilities and Fund Balances	$ -	$ 3,006,255	$ -	$ 3,006,255

URBAN RENEWAL AGENCY

OF THE CITY OF TWIN FALLS, IDAHO

Debt Service Fund

Combining Statement Of Revenues, Expenditures, and Changes in Fund Balances

By Project for the Redevelopment Fund

For the Year Ended September 30, 2022

	Area 4-1	Area 4-3	Area 4-4	Total Debt Service Fund
Revenues				
Investment income	$ -	$ 19,763	$ -	$ 19,763
Contributions	-	-	100,678	100,678
Total Revenues	-	19,763	100,678	120,441
Expenditures				
Debt service				
Principal	-	1,581,000	735,000	2,316,000
Interest and other charges	-	1,422,167	597,575	2,019,742
Total Expenditures	-	3,003,167	1,332,575	4,335,742
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,983,404)	(1,231,897)	(4,215,301)
Other Financing Sources (Uses)				
Transfers in (out)	-	2,989,148	1,231,897	4,221,045
Total Other Financing Sources (Uses)	-	2,989,148	1,231,897	4,221,045
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use	-	5,744	-	5,744
Fund Balance - Beginning of Year	-	3,000,511	-	3,000,511
Fund Balance - End of Year	$ -	$ 3,006,255	$ -	$ 3,006,255

Mahlke Hunsaker & Company PLLC
Certified Public Accountants

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

To the Board of Commissioners
Urban Renewal Agency of the
City of Twin Falls, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Urban Renewal Agency of the City of Twin Falls, Idaho's, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Urban Renewal Agency of the City of Twin Falls, Idaho's basic financial statements, and have issued our report thereon dated January 04, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Renewal Agency of the City of Twin Falls, Idaho'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 Urban Renewal Agency of the City of Twin Falls, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban Renewal Agency of the City of Twin Falls, Idaho'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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Urban Renewal Agency of the City of Twin Falls, Idaho's financial statements are free from 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.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & COMPANY, PLLC
TWIN FALLS, IDAHO
January 04, 2023

Exhibit B

Notice of Filing

PUBLIC NOTICE

As required by Idaho Code Section 50-2006(5)(c), the Urban Renewal Agency of the City of Twin Falls, Idaho, has filed its 2022 Annual Report with the City of Twin Falls. It is anticipated information within the 2022 Annual Report will be submitted to the Idaho State Controller pursuant to Idaho Code Section 67-1076. This report is available for inspection during business hours in the office of the City Clerk and Urban Renewal Agency located at City Hall, 203 Main Avenue East, 3rd Floor, Twin Falls, Idaho. The report is also available on the Agency's website at https://www.tfid.org/126/Urban-Renewal-Agency.

Published: ___________________

THE URBAN RENEWAL AGENCY
OF THE CITY OF TWIN FALLS

Date: Monday, March 20, 2023

To: Urban Renewal Agency of the City of Twin Falls

From: Shawn Barigar, Executive Director

ACTION ITEM

Request:

Consider approval of a Lease renewal for tenants at Agency-owned property located at 139 3rd Ave S.

Background:

As part of the purchase of property at 139 3rd Ave. S., the Urban Renewal Agency assumed a lease agreement with D.K. Flooring, Inc. and Dave Hansen, Inc. That lease is set to expire on March 31, 2023. Agency staff met with the tenants to discuss the renewal of this lease for another 12 months. An updated lease agreement prepared by the Agency's legal counsel is attached for your consideration. The general terms of the lease remain as they were when it was assumed with a monthly base rent rate of $950.

Approval Process:

Majority vote of a quorum of the Agency Commissioners present at the meeting.

Budget Impact:

Renewal of the lease will generate monthly income of $950 per month until the lease is terminated.

Regulatory Impact:

N/A

Conclusion:

Agency staff recommends approval of the lease renewal with D.K. Flooring, Inc. and Dave Hansen, Inc. for Agency-owned property located at 139 3rd Avenue South and to authorize the Chair to sign the lease.

Attachments:

1. 2023 DK Flooring Dave Hansen Inc Commercial Lease

COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement ("**Lease**") is made and entered into by and between The Urban Renewal Agency of the City of Twin Falls, an independent public body corporate and politic, organized under the laws of Idaho ("**Landlord**") and Dave Hansen Inc., an Idaho business corporation and DK Flooring Inc., an Idaho business corporation ("**Tenant**"). Landlord and Tenant may each be referred to herein as a "**party**" or the "**parties**," as the case may be. The "**Effective Date**" of this Lease is the date last signed by both parties below.

1. SUMMARY OF BASIC TERMS

This Section 1 is a summary of certain basic terms of this Lease for reference purposes.

1.1	**Property**	The real property and all improvements described on Exhibit A.
1.2	**Building**	The approximate 12,500 square foot building located on the Property generally shown on Exhibit B.
1.3	**Premises**	The approximately 12,500 square foot Building combined with the parking and open space generally shown on Exhibit C (the "**Premises**").
1.4	**Parking**	The vehicle parking stalls associated with the Building as depicted on Exhibit D.
1.5	**Address of Premises**	139 3rd Avenue, Twin Falls, Idaho 83301 Parcel Nos. RPT0001118022A and RPT0001118025B
1.6	**Permitted Use**	General Retail Trade, Construction Trade Office (See Section 7.1)
1.7	**Commencement Date**	The "**Commencement Date**" will be April 1, 2023.
1.8	**Initial Term**	12 months commencing on the Commencement Date.
1.9	**Extension Terms**	Tenant will have the option to extend the Initial Term of this Lease for 2 periods of 3 months each (each an "**Extension Term**" and collectively, the "**Extension Terms**"). (See Section 3.3)
1.10	**Term**	The Initial Term and any exercised Extension Terms. (See Article 3)

1.11 **Base Rent**

Months	**Monthly Base Rent**	**Annual Base Rent**
1 - 12	$ 950.00	$ 11,400.00

Base Rent during the Extension Term will be determined as mutually agreed to in writing by Tenant and Landlord.

1.12 **Security Deposit** $800.00 which has been previously paid by Tenant and will be held for the Term of this Lease. (See Article 5)

1.13 **Addresses** Landlord: 203 Main Avenue East, Twin Falls, Idaho 83301

Tenant DK Flooring Inc.
Attn: Dan Koyle
139 3rd Avenue South
Twin Falls, ID 83301

Dave Hansen Inc.
Attn: Dave Hansen, Inc.
480 Highway 74
Twin Falls, Idaho 83301

EXHIBITS:

EXHIBIT A Property
EXHIBIT B Building
EXHIBIT C Premises
EXHIBIT D Parking

2. PREMISES AND DELIVERY

2.1 **Premises**. In consideration of Tenant's payment of Base Rent and Tenant's performance of the other agreements in this Lease, Landlord leases to Tenant and Tenant leases from Landlord, the Premises for the Term, subject to the terms and conditions of this Lease. Landlord hereby reserves the use of the following as they relate to the Premises: the exterior thereof, all space above any suspended ceiling, all space beneath the floor, and the right to install, maintain, use, repair, relocate and replace stacks, pipes, ducts, conduits, wires, and utilities leading through the Premises in locations which do not materially interfere with Tenant's use of the Premises. Tenant will have access to the Premises twenty-four (24) hours per day, subject to closures for emergencies, repairs, similar matters, and matters outside Landlord's reasonable control. Tenant will comply with any conditions, covenants, restrictions, and easements affecting the Property which now exist, and, also, which may hereafter be entered into by Landlord, including any amendments thereof, so long as such amendments do not affect Tenant's ability to use the Premises as contemplated herein. As used in this Lease, **"Applicable Law"** means all applicable federal, state, and local laws, statutes, rules, regulations, and ordinances, including, without limitation, building, zoning, subdivision, health and safety, and other land use laws, including, without limitation, the Americans with Disabilities Act of 1990, Public Law No. 101-336, 42 USC 12101, et. seq. and Environmental Laws (as defined in Section 8.7.1). Applicable Law shall also mean the Idaho Urban Renewal Law, Title 50, Chapter 20, Idaho Code, as amended (the "**Urban Renewal Law**") and the Local Economic Development Act, Title 50, Chapter 29, Idaho Code, as amended (the "**Act**").

2.2 Delivery and Acceptance of Premises. Tenant acknowledges and agrees to the following: (a) Tenant will be responsible for investigating and establishing the suitability of the Premises for Tenant's intended use thereof, and (b) Tenant is leasing the Premises in "AS IS" condition based on its own inspection and investigation and not in reliance on any statement, representation, inducement, or agreement of Landlord or any agent of Landlord.

2.3 Common Areas. References in this Lease to "**Common Areas**" will mean the following areas provided from time to time for the general non-exclusive use of Landlord, Tenant, and other area individuals and entities, and their respective employees, suppliers, shippers, customers, contractors, and invitees: (i) all areas and facilities, including, without limitation, loading and unloading areas, trash areas, lighting facilities, fences and gates, sidewalks, walkways, signs, and landscaped areas and (ii) any other areas generally identified as available for tenant use. Landlord hereby grants to Tenant for the benefit of Tenant and its employees, suppliers, shippers, customers, contractors, and invitees, during the Term of this Lease, the nonexclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any restrictions identified by the Landlord and any rights, powers, and privileges reserved by Landlord under the terms of this Lease, including without limitation the terms of Section 10.4.

2.4 Parking. As part of the Premises during the Term of this Lease, Tenant shall have the non-exclusive use in common with Landlord and others, their guests and invitees, of the non-reserved common vehicle parking areas, driveways, footways, as depicted in Exhibit D ("Parking"), subject to the rules and regulations for the use thereof as prescribed from time to time by Landlord. Tenant shall be responsible for maintaining the Parking, including ensuring it is kept weed free and all ice and snow are removed. Storage of non-running vehicles will not be permitted.

2.5 Rules and Regulations. Tenant will comply with the rules and regulations established from time to time for the Premises by the Landlord. Landlord shall provide Tenant with a written list of rules and regulations, should such rules and regulations apply.

2.6 No Smoking. Tenant acknowledges that the Premises has been designated by Landlord as a "**No Smoking**" area, which No Smoking area includes areas around entrances and exits as may apply. Tenant agrees to timely enforce such restriction with respect to its employees, contractors, agents, invitees, and licensees who occupy the Premises, including enforcing such restriction with respect to those areas located immediately adjacent to or in front of the Building entrances.

3. LEASE TERM

3.1 Enforceability. Notwithstanding that the Commencement Date and Tenant's right to occupy the Premises will occur after the Effective Date, the Parties agree that this is a fully binding and enforceable agreement from and after the Effective Date.

3.2 Initial Term. The Initial Term of this Lease and Tenant's right to use and occupy the Premises will commence on the Commencement Date.

3.3 Extension Terms

3.3.1 Exercise. Tenant and Landlord will have the option (the "**Extension Option**") to extend the Initial Term of this Lease for each of the Extension Terms. The Extension Option will be exercised, if at all, upon Tenant's satisfaction of the following conditions:

(a) Tenant will deliver to Landlord a written notice (the "**Extension Notice**") irrevocably exercising the Extension at least thirty (30) days before the last day of the Initial Term or then-applicable Extension Term;

(b) The Lease must be in full force and effect at the time the Extension Notice is delivered to Landlord and continuously thereafter until the last day of the Initial Term or then-applicable Extension Term;

(c) Tenant will not be in default under any provision of the Lease beyond any applicable cure period at the time Tenant delivers the Extension Notice or continuously thereafter until the last day of the Initial Term or then-applicable Extension Term; and

(d) Tenant will not have been given notice of default of Tenant's Lease obligations more than two (2) times during the Term of the Lease.

Tenant's election to exercise an Extension Option is solely within the discretion of Landlord, and Landlord has no obligation to extend the Lease for any Extension Option beyond the Initial Term. Provided that Tenant has exercised the Extension Option and Landlord has approved such Extension Option, in accordance with the terms of this Section 3.3, then the applicable Extension Term will commence on the expiration of the Initial Term or then-applicable Extension Term, and will be subject to all the terms, covenants, conditions, and provisions of the Lease. The failure of Tenant to exercise the Extension Option in accordance with the terms of this Section 3.3 will terminate the rights of Tenant with respect to the then-current and all future Extension Terms. Rent for the Extension Term will be determined as mutually agreed to in writing by Landlord and Tenant.

4. BASE RENT.

Commencing on the Commencement Date and continuing on the first day of each month thereafter for the remainder of the Term, Tenant will pay to Landlord the Base Rent identified in Section 1.11 in advance, without offset, set off, abate, deduction, or demand. The Base Rent will be paid to Landlord at the address identified in Section 1.13, or at such other address as Landlord may specify from time to time by notice to Tenant. All charges payable by Tenant, other than Base Rent, and directly to a third party, are referred to in this Lease as "**Additional Rent**," whether or not so denominated. Unless this Lease provides otherwise, Tenant will pay all Additional Rent then due with the next monthly installment of Base Rent. The term "**rent**" or "**Rent**" means Base Rent and Additional Rent. Rent for any partial month will be prorated, and the Base Rent for the first full calendar month will be paid on execution of this Lease by Tenant and applicable to the first installment of Base Rent due hereunder. Landlord will have all of the same remedies for Tenant's failure to pay Additional Rent as for failure to pay Base Rent.

Pursuant to Idaho Code § 50-2011, the Base Rent amount exceeds the fair value for the uses for which the Premises is intended in accordance with the Landlord's urban renewal planning documents and associated uses. The Base Rent represents the fair market value of the Premises.

5. SECURITY DEPOSIT

Tenant has already deposited with Landlord a Security Deposit in the amount specified in Article 1 ("**Security Deposit**") for the faithful performance by Tenant of all of Tenant's obligations under this Lease. If Tenant defaults under this Lease, Landlord may (but shall not be required to) apply or retain the Security Deposit to the payment of the amounts in default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default, including, but not limited to, Tenant's future rent. Additionally, Landlord has the right to increase the Security Deposit if the Permitted Use is amended to accommodate a material change in the business of Tenant or to accommodate a sublessee or assignee to the extent necessary, in Landlord's reasonable business judgment, to account for any increased wear and tear that the Premises may suffer as a result. If any portion of the Security Deposit is so used, applied, or increased, Tenant shall, within ten (10) days after written demand therefor, deposit with Landlord such amounts as are required to restore the Security Deposit to its original amount. Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit unless required by applicable law. If Tenant shall fully and faithfully perform all of its obligations under this Lease, the Security Deposit held by Landlord shall be returned to Tenant within thirty (30) days of the later to occur between the expiration of the Lease term and the date Tenant vacates the Premises. If Landlord assigns its interest in this Lease and transfers the Security Deposit to Landlord's successor in interest, Landlord shall be released from all liability for the return of the Security Deposit. THE SECURITY DEPOSIT WILL NOT BE USED BY TENANT IN LIEU OF PAYMENT OF RENT AND TENANT WAIVES ANY STATUTE REGARDING THE APPLICATION OF THE SECURITY DEPOSIT TO FUTURE RENTS TO THE FULL EXTENT IT MAY BE WAIVED.

6. OPERATING EXPENSES

6.1 "**Real Property Taxes**" will mean all current and future real property taxes, governmental charges, and assessments (including LIDs, ULIDs, CRIDs, etc.) levied on the Property and the improvements thereto; any taxes in addition to or in lieu of, in whole or in part, such taxes; any tax upon leasing or rents of the Property; any other governmental charge such as payments for transit or environmental facilities; and all costs and expenses incurred by Landlord in connection with the attempt to reduce any of the foregoing, whether by negotiation or contest. "Real Property Taxes" will not include any inheritance, single business, transfer, capital, franchise, or state income tax, estate tax, or other similar tax and will not include any late payment penalties, surcharges, or interest if Tenant has paid the amounts due under Section 1 as and when due.

6.2 **Utilities**. Tenant will pay, directly to the appropriate supplier, the cost of any of the following services which are separately metered or submetered: water, sewer, natural gas, solid waste/garbage, power, and other utilities. To the extent Tenant desires telephone, cable, internet, or other utilities or services in the Premises, then Tenant will contract directly with the providers thereof, and will be solely responsible for the payment thereof. Tenant will provide adequate trash containers and regularly scheduled trash disposal consistent with other first-class mixed-use projects. Tenant will use best efforts to dispose of trash in a manner that minimizes odors, stains, and other objectionable nuisances. In addition, Landlord may impose rules from time to time to reduce any adverse impact of Tenant's trash containers and/or disposal.

6.3 Net Lease. This Lease and the Rent payable hereunder are intended to be fully net of expenses incurred by Landlord in connection with the Building and Premises.

7. USE AND EXCLUSIVES

7.1 Permitted Use. Tenant may use the Premises only for the Permitted Use identified in Section 1 and for no other use whatsoever without Landlord's prior written consent, which consent will be in Landlord's sole discretion. Tenant agrees that any failure to conduct its business in the Premises pursuant to the Permitted Use would result in irreparable damage to Landlord and that Landlord will have the right immediately to obtain an injunction ordering Tenant to operate the Premises consistent with the Permitted Use.

7.2 Use Restrictions. Tenant agrees that neither it nor any successor, assign, concessionaire, sublessee, or assignee will use the Premises conflicting with or prohibited by the recorded conditions, covenants, and restrictions and/or other governing documents identified in this Lease, if any, attached hereto and incorporated herein. Landlord will have the right to supplement, modify, or amend the Permitted Use by notice to Tenant from time to time, provided that such modifications do not prevent Tenant from engaging in the Permitted Use at the Premises.

7.3 Actions that Injure the Building or the Premises. Tenant will not cause or permit the Premises to be used in any way which (a) violates Applicable Law, including City of Twin Falls codes and regulations, (b) which in the reasonable judgment of Landlord would constitute a nuisance, or would materially disturb or endanger persons within or adjacent to the Property, or unreasonably interfere with their use of their respective premises; or (c) adversely impacts Landlord's Insurance. A Tenant breach will be any violation of the Lease or as otherwise reasonably determined by Landlord in its sole discretion.

7.4 Non-Discrimination. Notwithstanding anything to the contrary in the Lease, neither Landlord nor Tenant shall discriminate against or segregate any persons on account of race, color, national origin, ancestry, creed, religion, gender, gender identity, gender expression, sexual orientation, genetic information, marital status, familial status, age, source of income, immigration status, citizenship, primary language, handicap, disability, or any other protected classification under Applicable Law with respect to (i) anyone entering the Property or the Premises, as applicable, (ii) any sublessees or assignees of Tenant's interest in this Lease or transferees of Landlord's interest in this Lease, or (iii) any vendor providing services to Landlord or Tenant, respectively.

8. TENANT'S OPERATIONS

8.1 Contract Services. Tenant will cause all contractors and service providers engaged to perform maintenance and repair services to the Premises to maintain insurance coverage reasonably acceptable to Landlord, which insurance will name Tenant and Landlord as insureds, and all such contractors and service providers will be licensed and subject to Landlord's reasonable approval. If reasonably requested by Landlord, Tenant will utilize the same contractors as selected by Landlord for similar services to other portions of the Property.

8.2 Pest Control. At Landlord's request, Tenant will hire a certified pest control contractor to service the Premises. Tenant will provide Landlord with a copy of such pest control contract, which contract will list all chemicals being used and indicate what the chemicals are intended to treat. Such pest control contract will be subject to Landlord's reasonable approval. Tenant will provide Landlord with copies of all pest control service reports within ten (10) days after the Premises are treated by the pest control contractor. If Landlord reasonably determines that the Premises, areas adjacent to the Premises, or its trash container(s) are being affected by insects, rodents, vermin, or other pests as a result of Tenant's failure to exterminate such pests, Tenant will, upon Landlord's request, cause its pest control contractor to treat such adjacent areas to eliminate such pests. Notwithstanding the foregoing, Landlord may have its own contractors perform pest control and will have the right to allocate such charges to Tenant as Additional Rent.

8.3 Access to Roof. Tenant will not permit any employee, contractor, or guest onto the roof of the Building or into any other non-public areas of the Property or Building.

8.4 Building Penetrations. Tenant will not make any penetrations to the structural portions of the Building (such as roof, walls, foundations, etc.) without Landlord’s prior written consent. If Tenant is permitted to penetrate the structural portions of the Building, the consent will be subject to Landlord’s conditions, including (a) approval of plans and specifications for the penetration and the contractor to perform it, (b) arrangements to ensure that the penetration does not adversely affect any warranty, (c) Tenant’s agreement to reimburse for costs incurred in connection with any later problems which develop with the penetrated area, and (d) Tenant’s agreement to remove the equipment before the end of the Lease and completely seal the penetration to Landlord’s satisfaction and in compliance with any applicable warranty. In the event Tenant makes any penetration of non-structural portions of the Building, the provisions of subsections (b) through (d) will apply. Any such work will be performed by contractors designated by Landlord. In addition, depending on the seriousness of the penetration, Landlord may require Tenant to post a deposit to guarantee Tenant’s performance. If Tenant penetrates the structural portions of the Building without Landlord’s written consent or violates the terms hereof, Tenant will pay immediately and completely seal the penetration to Landlord’s satisfaction, and Tenant will pay any and all costs necessary to reinstate the roof warranty if the penetration caused a void in the existing roof warranty.

8.5 Hazardous Substances.

8.5.1 Definitions. For purposes of this Section 8.5, the term “**Hazardous Substances**” will mean any hazardous or toxic chemical, waste, byproduct, pollutant, contaminant, compound, product, or substance, including without limitation, asbestos, polychlorinated biphenyl, petroleum (including crude oil or any fraction or by-product thereof), underground storage tanks, and any material the exposure to or manufacture, possession, presence, use, generation, storage, transportation, treatment, release, remediation, or handling of which is prohibited, controlled, or regulated by any Environmental Law (except for normal quantities of standard cleaning or office supplies); and the term “**Environmental Laws**” will mean any federal, state, regional, county, or local governmental statute, law, regulation, ordinance, order or code, or any consent decree, judgment, permit, license, code, or other requirement presently in effect or hereafter created, issued, or adopted pertaining to protection of the environment, health or safety of persons, natural resources, conservation, wildlife, waste management, and pollution (including, without limitation, regulation of releases and disposals to air, land, water, and groundwater).

8.5.2 Tenant Covenants. Tenant covenants and agrees that Tenant will: (a) not cause or permit any Hazardous Substances to be generated, produced, brought upon, used, stored, treated, released, discharged, or disposed of in or about the Premises or the Common Area by Tenant in violation of Environmental Laws; (b) comply with all Environmental Laws; (c) promptly notify Landlord, in writing, if Tenant has or acquires notice or knowledge that any Hazardous Substances has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under, or from the Premises; and (d) if any Hazardous Substances are discharged, released, or disposed of by Tenant, Tenant immediately take such action as is necessary to detain the spread of, remove, and dispose of such Hazardous Substances to the complete satisfaction of Landlord and in compliance with all Environmental Laws at Tenant's own cost and expense.

8.5.3 Tenant Indemnity. Tenant agrees to indemnify, defend, and hold Landlord free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (excluding consequential damages), disbursements or expenses of any kind (including reasonable attorneys' fees and costs incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Landlord or any of them in connection with or arising from or out of any Hazardous Substances released, discharged, or disposed of by Tenant on, in, under, or affecting all or any portion of the Premises, or any claim or action arising from a breach of Tenant's covenants. The provisions of this Section will be in addition to any and all obligations and liabilities Tenant may have to Landlord under other terms of this Lease and at common law and will survive the expiration of the Term or earlier termination of this Lease.

8.6 Telecommunications Services. Tenant, at its expense, will arrange for all telecommunications services desired by Tenant at the Premises. Landlord has no responsibility for the maintenance of Tenant's telecommunications equipment and/or wiring (collectively, "**Tenant's Telecom Equipment**") or for any infrastructure to which it is connected. Landlord shall have no liability for any costs or damages in connection with, and Landlord does not warrant that Tenant's use of Tenant's Telecom Equipment be free from the following (collectively, "**Line Problems**"): (a) any shortages, failures, variations, interruption, disconnection, loss or damage caused by (i) the installation, maintenance, replacement, use, or removal of telecommunications equipment and/or wiring by or for other tenants or occupants at the Building; (ii) any failure of environmental conditions or the power supply for the Building to conform to any requirements for Tenant's Telecom Equipment, or (iii) any other problems associated with any of Tenant's Telecom Equipment by any other cause; (b) any failure of any Tenant's Telecom Equipment to satisfy Tenant's requirements; or (c) any eavesdropping or wire-tapping by unauthorized parties. The occurrence of any Line Problems will not be considered an actual or constructive eviction of Tenant or relieve Tenant from performance of Tenant's obligations under this Lease. If Tenant's Telecom Equipment in, on, or about the Premises or the Building create an electromagnetic field exceeding radiation limits permitted by FCC regulations, as now or hereafter amended ("**FCC Regs**"), Landlord may require Tenant to take any and all steps necessary to reduce radiation to levels permitted by the FCC Regs, including removal of equipment. Tenant will indemnify and hold Landlord harmless from all liability, costs, and damages arising out of Tenant's electromagnetic emissions, including any failure of Landlord to take any action in connection with such emissions.

8.7 Compliance/Permits. Tenant, at its own expense, will obtain and pay for all permits related to its business and/or its specific use of the Premises. At its expense, Tenant will comply with Applicable Law and with any lawful direction made pursuant to Applicable Law of any public officer with respect to the Premises or the use thereof, including any obligation to make alterations in the Premises required as a condition of Tenant's occupancy.

8.8 Life Safety Systems. Tenant will install, store, and place all items within the Premises in a manner which will not interfere with the operation of the fire suppression and other life safety systems in the Building.

8.9 Tenant's Taxes. Tenant will pay, prior to delinquency, all personal property taxes on Tenant's personal property located within or used in connection with the Premises.

8.10 Storage, Stock and Deliveries. Tenant will (a) warehouse, store, or stock in the Premises only such goods, wares, and merchandise as Tenant intends to offer for sale at retail in or from the Premises; (b) use for office or non-selling purposes only such space as is reasonably required for Tenant's business; (c) store all trash and refuse in the place and manner specified by Landlord; (d) receive and deliver goods and merchandise only at the times and in the manner and areas designated by Landlord; and (e) conduct its business in a first class manner.

9. MAINTENANCE

9.1 Tenant's Obligations. Tenant will keep and maintain all portions of the Premises in good order, condition, and repair, including storefront, interior and exterior doors and windows and window coverings, floors, lighting, and all fixtures and equipment in the Premises, all portions of the systems that exclusively serve the Premises, as well as the trash dumpsters and enclosures which Tenant uses for its refuse. "**Systems**" will mean electrical, mechanical, telecommunications, plumbing, and HVAC systems, as applicable to the Premises. Tenant's repair and maintenance responsibility will include repair of damage by vandalism or casualty (unless such damage is covered by insurance that Landlord is required to maintain under this Lease) and replacement of equipment and other portions of the Premises which can no longer be brought into good operating condition. If any part of the Property is damaged by any act or omission of Tenant, its agents, employees or invitees, Tenant will pay the cost of repairing or replacing the damage. It is the intention of Landlord and Tenant that at all times Tenant will maintain the portions of the Premises which Tenant is obligated to maintain in an attractive, first-class, and fully operative condition, this includes general cleaning and upkeep. Notwithstanding the foregoing, Landlord may elect to assume portions of Tenant's above repair and maintenance obligations, and the costs thereof will otherwise be billed to Tenant and will be payable within thirty (30) days after receipt of the invoice. Tenant will at all times carry an HVAC maintenance contract with a company and on terms acceptable to Landlord providing for regular (not less than twice per calendar year) maintenance of the HVAC system in the Premises. Tenant will reimburse Landlord for any extra cleaning which Landlord undertakes to keep the dumpsters and trash enclosures used by Tenant clean and odor free to the extent reasonable in the circumstances.

9.2 Landlord's Right to Cure. Whether Tenant has satisfied its repair, maintenance, and replacement obligations will be determined by Landlord using its commercially reasonable judgment. If Tenant fails to maintain, repair, or replace the Premises as required by this Section, Landlord may, upon ten (10) days' prior notice to Tenant (except no notice is required in an emergency), enter the Premises and perform Tenant's obligations on behalf of Tenant, and Tenant will reimburse Landlord for all costs incurred within ten (10) days after receipt of an invoice from Landlord therefor.

9.3 Interruption of Service. Landlord does not warrant that any utilities or services will be free from interruption, including by reason of accident, repairs, alterations, computer programming weaknesses, or other causes. No utility interruption will be deemed an eviction or disturbance of Tenant, or render Landlord liable to Tenant for damages, or relieve Tenant from the full and complete performance of all of Tenant's obligations under this Lease, other than such matters as are solely and directly the result of Landlord's gross negligence or willful misconduct, not covered by insurance, which Tenant is required to carry hereunder, and result in Tenant being unable to operate from the Premises for a period of forty-eight (48) consecutive hours or more, in which event Base Rent will abate for the period Tenant is unable to operate as Tenant's sole and exclusive remedy.

10. ALTERATIONS

10.1 Alterations Procedures. Tenant will not make any alterations, additions, or improvements to the Premises (collectively, "**Alterations**") without Landlord's prior written consent, which consent will not be unreasonably withheld, conditioned, or delayed so long as the Alterations do not affect the Building structure, the exterior appearance of the Building, or the systems, whether or not the systems at issue exclusively serve the Premises. Landlord may condition its consent on various matters, including Tenant agreeing to remove the Alterations and repair any resulting damage on Lease termination at Tenant's cost, Tenant posting security for the estimated removal/repair cost and Landlord's approval of the plans and specifications for the work. All Alterations which Landlord does not require Tenant to remove will become Landlord's property and will be surrendered to Landlord on termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Premises. Tenant will repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery or equipment. Landlord may require Tenant to provide payment and performance bonds for the alterations and/or lien waivers. All Alterations will be done in a good and workmanlike manner, in conformity with Applicable Law, and by a contractor approved by Landlord. Upon completion of any such work, Tenant will provide Landlord with "as built" plans; copies of all construction permits, contracts and approvals; and proof of payment for all labor and materials.

10.2 Liens. Tenant will have no express or implied authority to place any lien or encumbrance upon, or bind, Landlord's interest in the Premises or to burden the Rent for any claim in favor of any person dealing with Tenant, including those who furnish materials or perform labor for any construction or repairs, and each such claim will attach, if at all, only to Tenant's leasehold interest. Tenant will cause to be paid when due all sums owed for any labor performed or materials furnished in connection with any work performed on the Premises for Tenant. Tenant agrees to and will indemnify and save Landlord free and harmless against liability, loss, damage, costs, attorneys' fees, and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to Tenant or persons claiming under Tenant. In the event that as a result of any work of improvement undertaken by Tenant, including, without limitation, any Alternations, any mechanics' lien or other lien is filed against the Premises, and Tenant fails to discharge, bond over, or otherwise cause the release of any lien or claim within fifteen (15) days after the filing or recordation thereof, Landlord will have the right (but not the obligation), in addition to any other rights or remedies of Landlord, to cause such lien or claim to be rescinded, discharged, compromised, dismissed, bonded over, or removed in which event any sums paid by Landlord, including attorneys' fees, will be immediately due and payable to Landlord by Tenant. Tenant will immediately provide written notice to Landlord of any lien or claim against the Property or any action affecting title to the Property. Landlord may require Tenant to post a notice of Landlord's non-responsibility with respect to the work.

10.3 Condition Upon Surrender. Upon the expiration or earlier termination of the Lease, Tenant will remove all of its personal property and surrender the Premises to Landlord, broom clean and in the same condition as received or, if improved, in the improved condition and with all maintenance obligations complete except for ordinary wear and tear, which Tenant was not otherwise obligated to remedy under this Lease, including with all electrical, plumbing, and other mechanical systems in the same condition as received or, if improved, in their improved condition. Notwithstanding anything in this Section to the contrary, Tenant will not remove any fixtures or equipment considered a part of the real property without Landlord's prior written consent or unless required by Landlord. Such items will include: any wiring; lighting or lighting fixtures; wall coverings; drapes, blinds, or other window coverings; and/or floor coverings. Telecommunications and data cabling installed by Tenant will not be considered part of the real estate and Landlord may elect either to require Tenant to remove it or leave it in place. Any property left on the Premises after the expiration or termination of the Term will be deemed to have been abandoned and to have become the property of Landlord to dispose of as Landlord deems expedient. Tenant will be liable for all costs associated with the disposal of such property. Tenant hereby waives all claims for damages that may be caused by Landlord's reentering and taking possession of the Premises or removing and disposing of Tenant's property as herein provided, and Tenant will indemnify and hold Landlord harmless therefrom. No such reentry will be considered or construed to be a forcible entry. Tenant will indemnify Landlord against any loss or liability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by a succeeding tenant founded on such delay.

10.4 Changes to the Property. Landlord will have the right and privilege at all times of determining the nature and extent of the Property, Building, Premises, Common Areas, and/or related improvements and of making such changes, rearrangements, additions, and reductions therein from time-to-time as deemed desirable, including, without limitation, the location, relocation, enlargement, reduction, addition, and/or elimination of driveways, malls, entrances and exits, automobile parking spaces, employee and customer parking areas, buildings and other structures, the direction and flow of traffic, establishment of protected areas, landscaped areas, and any and all other facilities of the Common Areas, the right at any time to locate on the Common Areas permanent and/or temporary building(s) and/or other improvements of any type and the right at any time to enclose or un-enclose any portions of the Common Areas. Landlord reserves the right to utilize portions of the Common Areas, from time-to-time, for shows, rides, entertainments, displays, advertising, educational purposes, demonstrations, civic and charitable functions, and other uses which, in Landlord's judgment, may attract the public or create good, community interest or other beneficial interest with respect to the Property. Landlord will have the right to convert Common Areas to leaseable space (provided that Tenant's Share will be adjusted accordingly) and to convert leasable space to Common Areas, from time-to-time. Landlord will have the right (a) to close, if necessary, all or any portion of the Common Areas to such extent as may be reasonably necessary to prevent a dedication thereof or the accrual of any rights of any person or of the public therein, (b) to close temporarily all or any portion of the Common Areas to discourage non-customer use, (c) to use portions of the Common Areas while engaged in making additional improvements, repairs, or alterations to the Property, (d) to transfer, in whole or in part, any of Landlord's rights and/or obligations to any person or entity as Landlord may from time-to-time determine, provided that Landlord remain liable under this Lease, except as otherwise provided hereunder, and (e) to do and perform such other acts in, to, and with respect to the Common Areas as Landlord will determine, in its business judgment, to be appropriate for the Property. Notwithstanding any contrary provision contained in this Lease, services and facilities may be discontinued, and access to the Property (but not the Premises) is restricted, in whole or in part, during such times as the Property is not open for business and any other times as are necessary for temporary purposes such as repairs, alterations, strikes, and other reasonable purposes. Landlord has no obligation to, and has made no representations that it will alter, remodel, improve, renovate, decorate, demolish, and/or add improvements to the Building or the Property, or any part thereof.

11. INSURANCE/INDEMNITY

11.1 Tenant's Insurance. Tenant, at its cost, will maintain the following insurance on the Premises at all times from and after the Commencement Date:

11.1.1 CGL. Commercial general liability insurance policy ("**Tenant's CGL**") (or equivalent ISO form in use from time to time in the State in which the Property is located), providing coverage against any and all claims for bodily injury and property damage occurring in or on the Premises and/or arising out of or in any way related to the use and occupancy of the Premises by Tenant and including broad form blanket contractual coverage covering Tenant's obligations under this Lease. Tenant's CGL will have a limit of not less than $2,000,000 per occurrence with a general aggregate limit of not less than $3,000,000. Such insurance will be primary with regard to the Premises (not contributory with Landlord's coverage). Landlord (and upon request, Landlord's property manager and/or Landlord's mortgagees) will be named as an additional insured on the Tenant's CGL and all other liability coverage.

11.1.2 Worker's Compensation. Worker's compensation insurance as required by the laws of the State in which the Property is located.

11.1.3 Property. Property insurance insuring against loss or damage resulting from perils covered by the causes of loss – special form ("**Tenant's Property Insurance**") (or the equivalent ISO form in use from time to time in the State in which the Property is located) related to Tenant's personal property. Tenant's Property Insurance will be written for the full replacement value of all furniture, fixtures, equipment, and Alterations located in the Premises, together with such business interruption coverage as Tenant desires and does not wish to assume the risk for. Landlord (and upon request, Landlord's property manager and/or Landlord's mortgagees) will be named as a loss payee on Tenant's Property Insurance as their interests may appear.

11.1.4 General. All insurance required to be maintained by Tenant will (a) be on an occurrence basis; (b) provide primary coverage and not contributory with Landlord's insurance coverage; (c) require thirty (30) days prior written notice to the named insured or loss payees of any cancellation or reduction in coverage; (d) be written by responsible insurance companies licensed to do business in the State in which the Property is located; and (e) contain a waiver of subrogation with regard to Landlord and any additional insureds. Such insurance may be provided by a blanket policy covering additional locations. Tenant will provide Landlord with evidence of the required insurance as well as a copy of the additional insureds' endorsement on or before the Commencement Date and thereafter as reasonably requested by Landlord from time to time.

11.1.5 Adjustments. Landlord, upon thirty (30) days prior written notice to Tenant, may change the limits and requirements of the insurance required to be maintained by Tenant to reflect changes in insurance standards and customary requirements for similar mixed use real estate developments. If Tenant fails to provide the insurance required by this Section 11.1 within ten (10) days after the date of receipt of written notice from Landlord, in addition to any other remedies available for such default, Landlord may obtain such insurance and keep the same in force and effect, and Tenant will pay Landlord, as Additional Rent, upon demand for the cost thereof plus Default Interest from the date of Landlord's payment to the date of Tenant's reimbursement.

11.2 Landlord's Insurance. Landlord will maintain the following insurance at all times:

11.2.1 Property. Property insurance insuring the Building and improvements thereon (excluding Alterations unless Landlord in its discretion decides otherwise) against loss or damage resulting from perils covered by the causes of loss – special form (or the equivalent ISO form in use from time to time in the State in which the Property is located), on a replacement cost basis in the full insurable replacement value of the Building and such improvements.

11.2.2 CGL. Commercial general liability insurance (or the equivalent ISO form in use from time to time in the State in which the Property is located) covering the activities of Landlord at the Property in a combined single limit of not less than $1,000,000 per occurrence and not less than $2,000,000 in the aggregate.

11.2.3 Rent Loss. Loss of rents coverage in a form and amount determined by Landlord, in its sole discretion.

11.2.4 Other. Such other insurance as Landlord deems necessary and prudent or as may be required by any lienholder holding a mortgage or security interest in the Property (or any portion thereof).

11.2.5 General. All insurance required to be maintained by Landlord will (a) be on an occurrence basis; and (b) as to the Premises or acts or omissions of Tenant, be excess, secondary, and non-contributory; and (c) contain a waiver of subrogation with regard to Tenant and any additional insureds. Such insurance may be provided by a blanket policy covering additional locations.

11.3 Indemnity. Subject to Landlord's release in Section 11.4.2, Tenant will indemnify and defend (using legal counsel acceptable to Landlord) Landlord from any claims, costs (including attorneys' fees and other litigation costs), or damages arising in connection with (a) the occupancy or use of the Premises by Tenant and customers, including any work undertaken or contracted for by Tenant; (b) Tenant's breach of this Lease, (c) any negligent or wrongful act or omission of Tenant or customers; and (d) any accident, injury, occurrence, or damage in or about the Premises. Subject to Tenant's release in Section 11.4.1, Landlord will indemnify and defend (using legal counsel acceptable to Tenant) Tenant (defined below) from any claims, costs (including attorneys' fees and other litigation costs), or damages arising in connection with (a) any work undertaken or contracted for by Landlord; (b) Landlord's breach of this Lease; and (c) any negligent or wrongful act or omission of Landlord Parties, except in each event caused by the negligent or wrongful or omission of Tenant or customers. This indemnity is not contingent upon insurance coverage, is limited to the amount of any insurance proceeds, and operates independently of the insurance provisions of this Lease. "**Landlord**" will mean Landlord, any mortgagees, the property manager, and Landlord's respective officers, directors, shareholders, members, managers, partners, or other owners and affiliates, subsidiaries, successors, and assigns. "**Tenant**" means Tenant, Tenant's shareholders, members, managers, partners, or other owners, Tenant's affiliates and subsidiaries, and any directors, officers, employees, sublessees, licensees, invitees, agents, contractors, and successors and/or assigns of such persons or entities.

11.4 Waivers.

11.4.1 Tenant Waiver. Tenant hereby releases, waives, and discharges Landlord from any and all claims Tenant might otherwise now or hereafter possess associated with any loss covered by insurance (or which would have been covered by the insurance Tenant is required to carry hereunder), including the deductible portion thereof, maintained and/or required to be maintained by Tenant pursuant to this Lease.

11.4.2 Landlord Waiver. Landlord hereby releases, waives, and discharges Tenant from any and all claims Landlord might otherwise now or hereafter possess associated with any loss covered by insurance (or which would have been covered by the insurance Landlord is required to carry hereunder), including the deductible portion thereof, maintained and/or required to be maintained by Landlord pursuant to this Lease.

11.4.3 Acknowledgment. Because this Section precludes the assignment of any claim mentioned in it by way of subrogation or otherwise to an insurance company or any other person, each Party to this Lease agrees immediately to give to each insurance company which has issued to it policies of insurance covering all risk of direct physical loss written notice of the terms of the mutual waivers contained in this Section, and to have the insurance policies properly endorsed, if necessary, to prevent the invalidation of the insurance coverages by reason of the mutual waiver contained in this Section. Landlord and Tenant acknowledge that the waivers and releases set forth in this Section are intended to result in any loss or damage which is covered or coverable by insurance being borne by the insurance carrier of Landlord or Tenant, as the case may be, or by the Party having the insurable interest if such loss is not covered by insurance and this Lease required such Party to maintain insurance to cover such loss. Landlord and Tenant agree that such waivers and releases were freely bargained for and willingly and voluntarily agreed to by Landlord and Tenant and do not constitute a violation of public policy.

11.5 Survival. The provisions of this Section 11 will survive expiration or termination of this Lease.

12. ASSIGNMENT AND SUBLETTING

12.1 Assignment or Sublease. Tenant will not assign this Lease or sublet the whole or any part of the Premises (each a "**Transfer**" and any assignee or sublessee a "**Transferee**") without Landlord's prior written consent, which will not be unreasonably withheld or delayed. To assist Landlord in determining whether to consent to a Transfer, Tenant will submit the following to Landlord as well as any other information reasonably requested by Landlord (a) the name and legal entity of the Transferee; (b) a description of the proposed use of the Premises by the Transferee; (c) the terms of the proposed Transfer; (d) current financial statements; (e) a current credit check for the Transferee in date and form approved by Landlord or consent for Landlord to perform a credit check, in Landlord's discretion; (f) the most recent filed federal income tax return of the proposed Transferee; and (g) the proposed Transfer documents. No Transfer will release Tenant from its obligations under this Lease. Consent to any Transfer will not operate as a waiver of the necessity of a consent to any subsequent Transfer. The cumulative transfer of an aggregate of fifty percent (50%) or more of the voting or equitable interests in a Tenant entity, including by creation or issuance of new ownership interests, will be deemed a Transfer of this Lease; and any transfer of this Lease by merger, consolidation, or liquidation of Tenant will be deemed a Transfer of this Lease. Any Transfer in violation of this Section 12 is void and constitutes an Event of Default.

12.2 Transferee Obligation. Any Transferee will be required to assume, in writing for the specific benefit of Landlord, all obligations of Tenant and will be primarily, jointly, and severally liable with Tenant for the payment of Base Rent and Additional Rent and the performance of all of Tenant's obligations under this Lease. Tenant will provide Landlord fully executed copies of all instruments of assignment, sublease, or assumption. Any sublessee shall be required to assume all obligations of Tenant to the extent they relate to the subleased premises. If the Transferee defaults, Landlord may, without affecting any other rights of Landlord, proceed against Tenant or any Transferee or any other person liable for Tenant's obligations hereunder. Tenant will provide the notice address for any Transferee to Landlord prior to the effective date of the Transfer, and if it is not provided, the applicable notice address for the Transferee will be deemed to be the Premises.

12.3 Fees. Any request for consent to a Transfer will be accompanied by payment of a non-refundable fee of $1,000 to compensate Landlord for the administrative burden of processing the request. In addition, Tenant will reimburse Landlord for any out-of-pocket costs incurred by Landlord in connection with the request which will not exceed $1,000. Tenant's payment of a fee and reimbursement of Landlord's costs is independent of, and does not represent or guarantee, Landlord's approval of a Transfer.

13. DAMAGE OR DESTRUCTION

13.1 Notice of Damage. Tenant will notify Landlord in writing immediately upon the occurrence of any material damage to the Premises. Subject to Section 13.2, if the insurance proceeds available to Landlord are sufficient to pay for the necessary repairs, this Lease will remain in effect and Landlord will repair the damage to the Building as soon as is reasonably practicable, and Tenant will repair/replace any damage to Alterations and to Tenant's inventory, equipment, trade fixtures, furnishings, and other personal property.

13.2 Decision. If (a) the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair or if the cause of the damage is not covered by Landlord's insurance or (b) if Landlord considers the damage to be significant, then Landlord may elect either to (1) repair the damage to the Building as soon as reasonably practicable, in which case this Lease will remain in full force and effect or (2) terminate this Lease. Landlord will notify Tenant of Landlord's decision within thirty (30) days after the date of damage. If the damage affects more than thirty-five percent (35%) of the Premises, Tenant will have the option to terminate this Lease upon written notice given to Landlord within fifteen (15) days after the date of damage. If Landlord elects to repair the damage, then rent owed by Tenant will be equitably abated in proportion to the reduction in the usability of the Premises.

14. CONDEMNATION

14.1 Entire Taking. If all of the Premises or the Building, or such portions of the Building as may be required for the reasonable use of the Premises, are taken by eminent domain or conveyance in lieu thereof (a "**Taking**"), this Lease will automatically terminate as of the date title vests in the condemning authority, and all Rent will be prorated to that date. A sale by Landlord under a threat of condemnation, or while condemnation proceedings are pending, will be deemed a Taking.

14.2 Partial Taking. In the event of a Taking of a part of the Premises or Building, and if Landlord determines that the Premises or Building should be restored in such a way as to alter the Premises so as to reduce the floor area of the Premises by more than twenty percent (20%) of such floor area immediately prior to the Taking, Landlord or Tenant may terminate this Lease by notifying the other Party of such termination within thirty (30) days following the date of such Taking. Upon notification, this Lease will terminate on the date specified in the notice, but no sooner than thirty (30) days from the date of such notice, and the Rent hereunder will be prorated as of such date. Subject to the foregoing provisions of this Section 14.2, in case of a Taking of a portion of the Building not required for the reasonable use of the Premises, then this Lease will continue in full force and effect and there will be no abatement of Rent.

14.3 Awards and Damages. Landlord reserves all rights to damages to the Premises and the Building for any Taking, and Tenant will make no claim against Landlord or the condemning authority for damages for termination of the leasehold interest. Tenant will have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be entitled for Tenant's moving expenses, business interruption, or Taking of property of Tenant (not including Tenant's leasehold interest) to the extent that such loss is awarded separately in the eminent domain proceeding and not out of or as part of the damages recoverable by Landlord.

15. DEFAULT

15.1 Events of Default. Each of the following will be deemed a material default by Tenant and a material breach of this Lease (each an "**Event of Default**"):

15.1.1 Payment. Failure by Tenant to pay when due any Rent hereunder if such failure will continue for a period of five (5) days after written notice thereof has been given to Tenant; provided, however, Tenant is not entitled to more than two (2) written notices for monetary defaults during any twelve (12) month period; or

15.1.2 Misrepresentation. Any misrepresentation or material omission of information made by Tenant orally to Landlord or in any documents or other materials provided by Tenant to Landlord in connection with this Lease; or

15.1.3 Abandonment. Any prolonged absence by Tenant from the Premises, or an absence from the Premises of five (5) days or more when any Rent is due and unpaid, regardless of whether there is an Event of Default under Section 15.1.1; or

15.1.4 Execution. This Lease, any part of the Premises, or any property of Tenant's are taken upon execution or by other process of law directed against Tenant, or are taken upon or subject to any attachment by any creditor of Tenant or claimant against Tenant, and said attachment is not discharged or disposed of within fifteen (15) days after its levy; or

15.1.5 Voluntary Bankruptcy. Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or admits the material allegations of any such petition by answer or otherwise, or is dissolved, or makes an assignment for the benefit of creditors; or

15.1.6 Involuntary Bankruptcy. Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant are instituted against Tenant or a receiver or trustee is appointed for all or substantially all of the property of Tenant and such proceeding is not dismissed or such receivership or trusteeship vacated within thirty (30) days after such institution or appointment; or

15.1.7 Liens. The doing or permitting to be done by Tenant of any act which creates a mechanic's or other lien or claim against the land or Building of which the Premises are a part and the same is not released or otherwise provided for by indemnification satisfactory to Landlord within fifteen (15) days thereafter; or

15.1.8 Insurance. If a Tenant fails to maintain the insurance it is required to carry under Section 11.1, and such failure continues for a period of five (5) days after the date the failure first occurs; or

15.1.9 Estoppel and Subordination. If Tenant fails to provide the required estoppel certificate (Section 16.3) or subordination agreement (Section 16.1) within the time period required, and such failure continues for a period of three (3) days after receipt of a second request from Landlord; or

15.1.10 Other. Tenant's failure to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant and not subject to Section 15.1.1 through Section 15.1.9, where such failure will continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant or such additional period of time thereafter as may be reasonably necessary under the circumstances to cure such failure on the condition that Tenant commences to cure such failure within said thirty (30) period and thereafter diligently proceeds to cure such default; provided, however if Tenant fails to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant more than three (3) times in any 12 month period (although Tenant will have cured any such previous breaches after notice from Landlord, and within the applicable cure period), then any fourth failure in such 12 month period will constitute an Event of Default without further notice.

15.2 Remedies. Upon an Event of Default, Landlord may at any time thereafter, without limiting Landlord in the exercise of any right or remedy at law or in equity, take any or all of the following actions:

15.2.1 Maintain Lease. Maintain this Lease in full force and effect and recover the Rent as it becomes due (or alternatively, if Landlord exercises the right to accelerate the Rent as set forth below, recover all Rent due as a result of acceleration) without terminating Tenant's right to possession irrespective of whether Tenant has abandoned the Premises. In the event Landlord elects to maintain this Lease in full force and effect as aforesaid, Landlord will nevertheless have the right to attempt to re-let the Premises at such rent, terms, and conditions as Landlord determines and do all things Landlord deems necessary to maintain or preserve the Premises, including removal of all persons from the Premises and removal of all property from the Premises to a public warehouse or storage facility at the cost of and for the account of Tenant; and if Tenant fails to pay for storage, then the contents of the storage facility may be sold at public auction and the proceeds of such sale applied first to payment of such storage fees, second to the expenses of such sale, third to amounts due Landlord, and the balance, if any, to Tenant. In the event of any re-letting, Tenant's right to possession of the Premises and this Lease will automatically terminate upon the new tenant taking possession of the Premises, provided, that Tenant's liability for damages as set forth in Section 15.2.6 will survive such termination. Notwithstanding that Landlord may have elected to maintain the Lease under this Section 15.2.1, Landlord reserves the right to thereafter terminate the Lease by written notice in accordance with Section 15.2.2.

15.2.2 Terminate Lease. Terminate this Lease by written notice to Tenant, in which case Tenant's right to possession of the Premises ceases and this Lease be terminated, except as to Tenant's liability under this Lease, which will survive such termination.

15.2.3 Re-entry. Without further demand or notice, re-enter and take possession of the Premises or any part of the Premises, repossess the same, expel Tenant and those claiming through or under Tenant, and remove the effects of both or either, using such force for such purposes as may be necessary, without being liable for prosecution, damage, or otherwise and without being deemed guilty of any manner of trespass or breach of the peace. No such re-entry by Landlord will be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. In the event of a re-entry without termination, Landlord will nevertheless have the right to attempt to re-let the Premises at such rent, terms, and conditions as Landlord determines and do all things Landlord deems necessary to maintain or preserve the Premises, including removal of all persons from the Premises and removal of all property from the Premises to a public warehouse or storage facility at the cost of and for the account of Tenant, and if Tenant fails to pay for storage, then the contents of the storage facility may be sold at public auction and the proceeds of such sale applied first to payment of such storage fees, second to the expenses of such sale, third to amounts due Landlord, and the balance, if any, to Tenant. In the event of any re-letting, Tenant's right to possession of the Premises and this Lease will automatically terminate upon the new tenant taking possession of the Premises, provided, that Tenant's liability for damages as set forth in Section 15.2.6 will survive such termination. Notwithstanding that Landlord may have elected to re-enter the Premises without termination, Landlord reserves the right to thereafter terminate the Lease by written notice in accordance with Section 15.2.2.

15.2.4 Cure. Without further demand or notice, cure any Event of Default, and charge Tenant as Additional Rent the cost of effecting such cure, including, without limitation, reasonable attorneys' fees and interest on the amount so advanced at the lesser of eighteen percent (18%) per annum or the maximum interest rate allowed by Applicable Law, provided that Landlord has no obligation to cure any such Event of Default.

15.2.5 Acceleration of Rent. Accelerate the payment of all Rent payable by Tenant for the balance of the Term by notice to Tenant, discounted to present value using a discount factor equal to the Federal Reserve Re-discount Rate as established from time to time by the 12th Federal Reserve District. Such amount will be immediately due and payable in full. In the event that Landlord terminates this Lease as provided in this Section 15.2.5 or as otherwise permitted by law, all Rent payable by Tenant for the balance of the Term will be deemed accelerated and discounted in accordance with this Section as of the date of termination.

15.2.6 Damages. Recover from Tenant any and all other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's default or which in the ordinary course of events would be likely to result therefrom, including, without limitation: (a) all Rent due and unpaid; (b) all Rent payable by Tenant for the balance of the Term as provided in Section 15.2.5; (c) the costs and expenses of repairing, remodeling, and otherwise making the Premises ready for a new tenant; (d) administrative costs and expenses of Landlord as a result of the Event of Default; and (e) leasing commissions for any leasing agent engaged to re-let the Premises; (d) attorneys' fees; (e) the unamortized balance of the tenant allowance, if any; and (f) late charges and interest as provided in Sections 15.3 and 15.4, respectively.

15.2.7 Other Remedies. Exercise any other right or remedy at law or in equity.

15.3 Late Charges. Tenant acknowledges that late payment of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which are now and would be extremely difficult to ascertain. Accordingly, if any Rent is not received by Landlord within five (5) days after such Rent is due, Tenant will pay to Landlord a late charge of $75.00. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord will not constitute a waiver of Tenant's default with respect to such overdue amount nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

15.4 Interest. All Rent not paid within five (5) days after such Rent is due will bear interest from the date due at the lesser of eighteen percent (18%) per annum or the maximum interest rate allowed by Applicable Law (the "**Default Rate**").

15.5 Default by Landlord. Landlord will not be in default under this Lease unless Landlord fails to cure such breach within thirty (30) days after written notice from Tenant of such breach specifying in detail the matters for which breach is claimed; provided that if the default cannot reasonably be cured within that time period, Landlord will have such additional time as is reasonably necessary to cure the default so long as Landlord is diligently pursuing the cure to completion. If Landlord fails to cure the default within such time period, Tenant will have all rights and remedies available at law and in equity, other than the right to terminate the Lease or any offsets against Rent; provided, however, that if Landlord fails or refuses to effect a cure as provided and if Tenant may reasonably effectuate a cure of such default, then Tenant will undertake to cure such default, and Landlord, upon demand, will repay to Tenant any amounts so expended within ten (10) days after Tenant's demand therefor. Such payment will not be in lieu of any damages that may apply to Landlord's default. Tenant will give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee, or beneficiary under any deed of trust encumbering the Premises whose name and address has been furnished to Tenant in writing, and such parties will have the right but no obligation to cure the default on Landlord's behalf within the same timeframe provided to Landlord; provided that such time frame will not begin until Tenant provides notice to such person that Landlord has not commenced the cure within the thirty (30) days period first identified above.

15.6 Holding Over. If Tenant fails to surrender possession of the Premises upon termination or expiration of this Lease, and if Tenant obtains Landlord's written consent to Tenant's continued occupancy, then Tenant's occupancy will be deemed to be a month to month periodic tenancy, with Base Rent due at a rate one and one half times the Base Rent payable by Tenant hereunder during the calendar month immediately preceding such termination or expiration (the "**Latest Rate**"), and either Party may terminate such tenancy upon thirty (30) days' written notice to the other Party. If Tenant fails to surrender possession of the Premises upon termination or expiration of this Lease and if Tenant does not obtain Landlord's written consent to Tenant's continued occupancy, then Tenant will be deemed a trespasser and will be liable to Landlord for all damages sustained by Landlord as a result thereof, together with Base Rate at a rate double the latest Rate. Tenant will indemnify Landlord against any loss or liability resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by a succeeding tenant founded on such delay.

15.7 Statutory Requirements. To the extent that any remedies or actions above require statutory notice or are limited or modified by the statues of the State in which the Property is located, Landlord and Tenant will follow the statutory requirements of such State, and the Lease is deemed to include such requirements and amend any terms which conflict with such statutes.

16. PROTECTION OF LENDERS; ESTOPPEL

16.1 Subordination. This Lease will be subordinate to any financing now existing or hereafter placed upon the Property by Landlord and to any and all advances to be made thereunder and to interest thereon and all modifications thereof (each a "**Mortgage**"). This provision will be self-operative. Tenant will execute and deliver, within fifteen (15) days after Landlord's request therefor, any reasonable subordination agreement required by the holder of a Mortgage, but only if any such subordination agreement provides that so long as Tenant is not in default under this Lease beyond any applicable cure period, Tenant will have the continued enjoyment of the Premises free from any disturbance or interruption by any holder of a Mortgage or any purchaser at a foreclosure or private sale of the Property.

16.2 Attornment. If Landlord's interest in the Premises is acquired by any ground lessor, holder of a Mortgage, or purchaser at a foreclosure sale, or transferee thereof, Tenant will attorn to the transferee of or successor to Landlord's interest in the Premises and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Landlord's interest.

16.3 Estoppel Certificates. Tenant will, within ten (10) days after Landlord's request therefor, execute and deliver to Landlord a written statement certifying: (a) the commencement and the expiration date of the Term; (b) the amount of Base Rent and the date to which it has been paid; (c) that this Lease is in full force and effect and has not been assigned or amended in any way (or specifying the date and terms of each agreement so affecting this Lease) and that no part of the Premises has been sublet (or to the extent such is not the case, a copy of any sublease); (d) that to Tenant's knowledge, Landlord is not in default under this Lease (or if such is not the case, the extent and nature of such default); (e) on the date of such certification, to Tenant's knowledge, there are no existing defenses or claims which Tenant has against Landlord (or if such is not the case, the extent and nature of such defenses or claims); and (f) any other information that Landlord or a mortgagee or purchaser may reasonably request. It is intended that any such statement will be binding upon Tenant and may be relied upon by Landlord and prospective purchasers or mortgagees. If Tenant fails to provide the requested estoppel within fifteen (15) days after receipt of the request, in addition to the provisions of Section 15.2, Tenant will be deemed to have given a certificate as above provided, without modification, and will be conclusively deemed to have admitted the accuracy of any information supplied by landlord to a prospective purchaser or mortgagee contained in any statement provided to Tenant for verification as above provided. The estoppel certificate will run to the benefit of all those Landlord specifies as addressees in the estoppel certificate.

17. LIABILITY

17.1 Landlord's Liability. The liability of Landlord to Tenant will be limited to the interest of Landlord in the Property (and the proceeds thereof). Tenant agrees to look solely to Landlord's interest in the Property for the recovery of any judgment against Landlord, and Landlord and its owners will not be personally liable for any such judgment or deficiency after execution thereon or matters related to this Lease. If Landlord sells or otherwise transfers the Property to a new owner, the transferring Landlord will not thereafter be named or sought after in any matter related to the Property relating to the time period after the transfer and responsibility for those matters will automatically transfer to the new owner.

17.2 Tenant's Business Loss or Interruption. Notwithstanding any other provision of this Lease, and to the fullest extent permitted by law, Tenant hereby agrees that Landlord will not be liable for injury to Tenant's personal property or its business or any loss of income therefrom, whether such injury or loss results from conditions arising upon the Premises or the Property, or from other sources or places including any interruption of services and utilities or any casualty, condemnation, whether the cause of such injury or loss of the means of repairing the same is inaccessible to Landlord or Tenant, and that it therefore assumes the risk of or insures such risks of loss as it determines in its discretion.

18. MISCELLANEOUS

18.1 No Right to Relocation. Upon expiration of the Term or any Extension Option, or upon termination based on Event of Default or pursuant to any other provisions contained in this Lease, Tenant shall have no right to relocation assistance by the Landlord. Tenant will be solely responsible for ensuring its relocation from the Premises.

18.2 Notices. All notices required or permitted to be given under this Lease will be in writing and will be given by: (a) hand delivery, in which event such notice will be deemed received upon the delivery or refusal to accept delivery thereof; (b) U.S. Certified Mail, return receipt requested, with postage prepaid, in which event such notice will be deemed received upon the earlier of the date of actual receipt, the date of delivery as shown on the return receipt, or the third day after deposit in the mail; or (c) a nationally-recognized overnight delivery service (e.g., FedEx), in which event such notice will be deemed received upon the earlier of the actual date of receipt or the second day after deposit with the nationally-recognized overnight delivery service. All such notices will be addressed to Landlord and the Tenant at the addresses identified above or at such other address as a Party may specify from time to time by notice to the other Party. Notwithstanding the foregoing, actual notice, however given and from whomever received, will always be effective, and any notice given by a Party's attorneys will, for all purposes, be deemed to have been given by such Party.

18.3 Non-Waiver/Accord. Failure of Landlord or Tenant to insist, in any one or more instances, upon strict performance of any term of this Lease or to exercise any election herein contained will not be construed as a waiver or a relinquishment, but the same will continue and remain in full force and effect. Neither Party will be deemed to have waived any provision of this Lease unless expressed in writing and signed by such Party. Tenant specifically acknowledges that where Tenant has received a notice of default (whether Rent or non-rent), no acceptance by Landlord of Rent will be deemed a waiver of such notice and, including no acceptance by Landlord of partial Rent, will be deemed to waive or cure any Rent default. Landlord may, in its discretion, after receipt of partial payment of Rent, refund the same and continue any pending action to collect the full amount due or may modify its demand to the unpaid portion. In either event, the default will be deemed uncured until the full amount is paid in good funds. Payment by Tenant or receipt by Landlord of a lesser amount than the Rent and other charges stipulated herein will be deemed to be on account of the earliest stipulated Rent. No endorsement or statement on any check or any letter accompanying any payment will be deemed an accord and satisfaction, and Landlord's acceptance of such check or payment will be without prejudice to Landlord's right to recover the balance of the amount due or pursue any other remedy to which it is entitled.

18.4 Brokers. The Parties represent and warrant to each other that neither has worked with or consulted any broker, agent, or finder to act in its behalf in connection with this Lease. Each Party agrees to indemnify, defend, and hold harmless the other from and against any and all liability, claims, costs, damages, judgments, and proceedings of any kind arising from any claim for brokerage commissions, finder's commissions, or other such compensation by any broker or other person based upon a claimed obligation or liability (whether valid or not) of the indemnifying Party.

18.5 Integration. This Lease is the complete, entire, final, and exclusive agreement among the Parties hereto and supersedes all prior and contemporaneous negotiations, agreements, and understandings between the Parties, whether written, oral, implied, course of conduct, or any combination thereof, with respect to the subject matter contained herein. It is expressly warranted by the Parties that no promise or inducement has been offered except as set forth herein and that this Lease is executed without reliance upon any promise, inducement, or representation not set forth herein. This Lease is fully integrated, and the terms hereof will not be amended, added to, subtracted from, changed, or modified by evidence of any prior or contemporaneous agreement.

18.6 Amendment. This Lease may not be amended or modified in any way except by an instrument in writing executed by all Parties hereto.

18.7 Remeasurement. Landlord reserves the right, from time to time, to remeasure and adjust the rentable or useable square footage of the Building, Premises, Common Area, or other applicable portion of the Property, provided such remeasurement and adjustment is made in accordance with industry standards uniformly applied. If a remeasurement and adjustment is made, Tenant's Base Rent will be automatically adjusted based on the remeasurement and adjustment, provided in no event will any remeasurement and adjustment be applied retroactively.

18.8 Construction. The captions and headings of this Lease are for reference only and will not be deemed to define or limit the scope or intent of any of the terms or provisions of this Lease. Whenever the context so requires, the singular will include the plural, the plural will include the singular, and the use of gender will include all other genders. When used in this Lease, the phrase "including" (or a word of similar import) will mean "including, but not limited to," and words such as "herein," "hereinafter," "hereof," "hereto," and "hereunder" refer to this Lease as a whole, unless the context otherwise requires. The Parties acknowledge that each Party and, if they should so choose, their attorneys, have reviewed and revised this Lease and agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party will not be employed in the interpretation and enforcement of this Lease.

18.9 Incorporation by Reference. All Exhibits and Addendums to this Lease are true, correct, material, and are hereby incorporated by reference as if set forth herein. However, in the event of a conflict between such Exhibits and the text of this Lease, the Exhibits will control.

18.10 Force Majeure. No Party will be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Lease, for any failure or delay in fulfilling or performing any term of this Lease (except for Tenant's obligation to pay Rent hereunder, which is not excused by a Force Majeure Event) when and to the extent such Party's (the "**Impacted Party**") failure or delay is not caused by the Impacted Party and instead is caused by or results from the following events that affect the Impacted Party: (a) acts of God; (b) floods, fires, earthquakes, or explosions; (c) declarations of pandemic or epidemic by a governmental or quasi-governmental agency (e.g. the World Health Organization); (d) governmentally-declared quarantines, self-isolation orders, or stay-at-home orders; (e) wars, invasions, terrorist threats or acts, riots, or other civil unrest; (d) government orders, laws, or actions; or (e) inability to obtain labor or materials or reasonable substitutes thereof (each a "**Force Majeure Event**"). The Impacted Party will give notice to the other Party of the Force Majeure Event as soon as reasonably practicable after the occurrence thereof, stating the period of time the occurrence is expected to continue (which will not be binding on the Impacted Party). The Impacted Party will use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party will resume the performance of its obligations as soon as reasonably practicable after the occurrence of the Force Majeure Event ceases.

18.11 Successors. Subject to the restrictions on Tenant's ability to Transfer as set forth in Section 12, this Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

18.12 Authority. The individual executing this Lease on behalf of each Party represents and warrants to the other Party that such individual is duly authorized to execute and deliver this Lease on behalf of the signing Party and that this Lease is binding upon the signing Party in accordance with its terms.

18.13 Governing Law. This Lease will be interpreted and enforced in accordance with the laws of the State in which the Property is located without giving effect to any choice or conflict of law provision or rule (whether in the State in which the Property is located or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State in which the Property is located.

18.14 Landlord's Access. Landlord or its agents may enter the Premises to show the Premises to potential lenders, tenants, or other parties; to make repairs, alterations, or improvements, to inspect and conduct tests in order to monitor Tenant's compliance with this Lease and Applicable Law; or for any other purpose Landlord deems necessary, provided that Landlord will use commercially reasonable efforts to minimize interference to Tenant's use of the Premises. Landlord will give Tenant twenty-four (24) hours' prior notice of such entry, except in the case of emergency, in which event no prior notice is required. Landlord may place customary "For Sale" or "For Lease" signs in and about the Property and in and about the Premises within the last month of the Term or after a default and failure to cure as provided for under Section 15.

18.15 Landlord Acting Through Agent. Any action permitted or required of Landlord under this Lease may, at Landlord's election, be performed by Landlord's property manager or other agent on Landlord's behalf.

18.16 Quiet Enjoyment. If Tenant pays the Rent and complies with all other terms of this Lease, Tenant may occupy the Premises for the Term against any person claiming by, through, or under Landlord but not, otherwise, subject to the provisions of this Lease.

18.17 No Recordation. Tenant will not record this Lease without prior written consent from Landlord. However, Landlord may require that a memorandum of this Lease executed by both Parties be recorded.

18.18 Survival. The obligations of each Party applicable to time periods prior to the termination or expiration of this Lease will survive termination or expiration of this Lease, including Landlord's right to indemnification and defense from claims arising from matters occurring prior to termination even though the claim is asserted against Landlord after termination and payment of amounts not finally calculated by the expiration/termination date.

18.19 Relationship Among the Parties. No agency, employment agreement or relationship, joint venture, or partnership is created between the Parties by this Lease and neither Party will be deemed to be an agent of the other nor either Party have the right or power of authority to act for the other in any manner or to create any obligations, contracts, or debts binding upon the other Party.

18.20 Severability. This Lease will be enforced to the fullest extent permitted by Applicable Law. If for any reason any provision of this Lease is held to be invalid or unenforceable to any extent, then: (a) such provision will be interpreted, construed, or reformed to the extent reasonably required to render the same valid, enforceable, and consistent with the original intent underlying such provision and (b) such invalidity or unenforceability will not affect any other provision of this Lease.

18.21 Time. All time periods in this Lease will be deemed to refer to calendar days. If the last date on which to perform any act, give any notice, or be deemed to have received any notice under this Agreement will fall on a Saturday, Sunday, or holiday observed by the state courts sitting in the county where the Property is located, such act or notice will be deemed timely if performed or given, or notice will be deemed received, on the next succeeding day that is not a Saturday, Sunday, or holiday observed by the state courts sitting in the county in which the Property is located. Time is of the essence with respect to each and every covenant and obligation under this Lease.

18.22 Waiver of Jury Trial. TO THE EXTENT PERMITTED BY APPLICABLE LAW, TENANT AND LANDLORD HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS LEASE, ANY RELATED DOCUMENT, OR UNDER ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH, OR ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS LEASE, AND AGREE THAT ANY SUCH ACTION, SUIT, PROCEEDING, OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR TENANT AND LANDLORD ENTERING INTO THIS LEASE.

18.23 Attorneys' Fees. In the event of any controversy, claim, or action being filed or instituted between the Parties to interpret or enforce the terms of this Lease, or arising from the breach of any provision hereof, the prevailing Party will be entitled to receive from the non-prevailing Party all costs, damages, and expenses, including, without limitation, reasonable attorneys' fees incurred by the prevailing Party (whether incurred prior to trial, at trial, on appeal, and/or during any post-judgment collection activities).

18.24 Counterparts. This Lease may be executed in counterparts, each of which is deemed an original but all of which constitute one and the same document. The signature pages may be detached from each counterpart and combined into one document. This Lease may be signed electronically and delivered by facsimile or via email in PDF or other similar format, each of which will be effective as an original.

[*Remainder of page intentionally left blank; signature page follows*.]

EXECUTED EFFECTIVE by Landlord and Tenant as of the Effective Date.

LANDLORD:	**TENANT:**
The Urban Renewal Agency of the City of Twin Falls By: ________________________________ Name: Rudy Ashenbrener Its: Chair	Dave Hansen Inc. By: ___________________________ Name: Dave Hansen Title: __________________________ Date: __________________________ DK Flooring Inc. By: ________________________ Name: Dan Koyle Title: ___________________________ Date: _________________________

EXHIBIT A

PROPERTY

EXHIBIT B

BUILDING

222
228
ntown Twin
s Farmers Market
porarily closed
236
Shoshone St S
Wells Fargo ATM
215
Apricot Home
Furniture store
Indian Foods Market
RV Park Map
148
Heart of Ida
Rottweil
Red Public Parking Lot
2nd Ave S
3rd Ave W
oshone St S
259
3rd Ave W
Five Fish Press
Print shop
110
Brady's
Hot tub store
DK Flooring Inc
Flooring store
Float Magic
Hansen St S
305
302
134
139
3rd Ave W
Cloverleaf Creamery
Ice Cream
210
M & M Electric
2nd South Market
212
210
Hansen St S
134
3rd Ave W
tionals
Strength Equipment

EXHIBIT C

PREMISES

222
228
wntown Twin
s Farmers Market
porarily closed
236
Shoshone St S
Wells Fargo ATM
215
Apricot Home
Furniture store
Indian Foods Market
RV Park Map
148
Heart of Ida
Rottweil
Red Public Parking Lot
2nd Ave S
3rd Ave W
Shoshone St S
259
3rd Ave W
Five Fish Press
Print shop
DK Flooring Inc
Flooring store
110
Brady's
Hot tub store
305
302
134
Float Magic
Hansen St S
139
3rd Ave W
Cloverleaf Creamery
Ice Cream
210
M & M Electric
2nd South Market
212
210
Hansen St S
3rd Ave W
134
itionals
Strength Equipment

<u>EXHIBIT D</u>
PARKING

ntown Twin
s Farmers Market
porarily closed
222
228
236
Shoshone St S
Wells Fargo ATM
215
Apricot Home
Furniture store
RV Park Map
148
Heart of Ida
Rottweil
Red Public Parking Lot
3rd Ave W
Indian Foods Market
2nd Ave S
shone St S
259
Five Fish Press
Print shop
3rd Ave W
110
Brady's
Hot tub store
DK Flooring Inc
Flooring store
Float Magic
Hansen St S
305
302
134
3rd Ave W
139
210
Cloverleaf Creamery
Ice Cream
M & M Electric
2nd South Market
212
210
Hansen St S
134
3rd Ave W
itionals
Strength Equipment

THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS

Date: Monday, March 20, 2023

To: Urban Renewal Agency of the City of Twin Falls

From: Shawn Barigar, Executive Director

ACTION ITEM

Request:

Consider approval of Resolution No. 2023-04 to transfer real property, map reference #11-13, owned by the Agency to the City of Twin Falls by Quitclaim Deed.

Background:

The termination date for the Amended RAA #4-1 Plan revenue allocation area was December 31, 2022, recognizing that the Agency will receive revenues in 2023, as authorized pursuant to Idaho Code § 50-2905(7). The Agency may retain property following termination of the Amended RAA #4-1 as long as the Agency has resources, other than revenue allocation funds to operate and manage such assets. Idaho Code § 50-2905(8). The Agency may also convey property to the City with or without consideration, pursuant to Idaho Code § 50-2015.

On December 14, 2022, the Agency determined that based on certain facts and circumstances, conveyance of certain Agency owned real property to the City was appropriate. The Agency approved conveying the following property to the City:

<u>TRANSFER TO THE CITY OF TWIN FALLS</u>
Map reference numbers 1-3: Downtown Commons, restroom, and adjacent parking lot
Map reference numbers 4-5: Parking lot
Map reference numbers 6-9: Parking lot
Map reference number 10: Parking lot
Map reference numbers 11-13: Victory Avenue access and Rock Creek Canyon parcels.

Map reference numbers 1-10 were previously approved on January 18, 2023 and have been conveyed to the City of Twin Falls. Due to unforeseen issues with legal descriptions related to the real property designated as map reference numbers 11-13, the legal descriptions have been verified and those properties are now ready to be conveyed to the City.

Resolution No. 2023-04 conveys map reference numbers 11-13. These real properties will be conveyed to the City by quitclaim deed and the deed will be recorded with the Twin Falls County Recorder's Office upon conveyance.

Approval Process:

A majority vote will approve Resolution No. 2023-04 authorizing execution of the quitclaim deed to the City related to Agency real property, map reference #11-13.

Budget Impact:

At this time, there is no budget impact. Retained properties will require budgeted routine maintenance. Revenue will be generated by the retained properties with current lease tenants. No consideration will be provided by the City to the Agency for the conveyed real properties.

Regulatory Impact:

N/A

Conclusion:

Agency staff recommends adopting Resolution No. 2023-04 approving the quitclaim deed transferring real property, map reference #11-13, to the City.

Attachments:

1. Resolution No. 2023-04 = Quitclaim Deed to City

RESOLUTION NO. 2023-04

BY THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO:

> A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO ("AGENCY") APPROVING THE CONVEYANCE OF THE AGENCY'S REAL PROPERTY, AS DESCRIBED IN EXHIBIT A AND DEPICTED ON EXHIBIT B, AND LOCATED WITHIN THE CITY OF TWIN FALLS, IDAHO, BY QUITCLAIM DEED AND WITHOUT CONSIDERATION TO THE CITY OF TWIN FALLS; AUTHORIZING AND DIRECTING THE AGENCY CHAIR TO EXECUTE THE QUITCLAIM DEED ON BEHALF OF THE AGENCY; AUTHORIZING AND DIRECTING THE AGENCY CHAIR TO DELIVER THE QUITCLAIM DEED TO THE CITY OF TWIN FALLS FOR ACCEPTANCE AND RECORDING WITH THE TWIN FALLS COUNTY RECORDER; AND PROVIDING AN EFFECTIVE DATE.

THIS RESOLUTION, made on the date hereinafter set forth by The Urban Renewal Agency of the City of Twin Falls, Idaho, an independent public body, corporate and politic, authorized under the authority of the Idaho Urban Renewal Law of 1965, Chapter 20, Title 50, Idaho Code, as amended (the "Law"), and the Local Economic Development Act, Chapter 29, Title 50, Idaho Code, as amended (the "Act"), as a duly created and functioning urban renewal agency for Twin Falls, Idaho, hereinafter referred to as the "Agency."

WHEREAS, by Resolution No. 909, dated July 19, 1965, the Board of Commissioners of the City of Twin Falls, Idaho (the "City") created an urban renewal agency pursuant to the Law;

WHEREAS, on June 30, 1997, the City Council of the city of Twin Falls, Idaho (the "City Council"), by Resolution No. 1603, determined certain property to be a deteriorated area or a deteriorating area or a combination thereof and designated the area as appropriate for an urban renewal project to be known as Urban Renewal Area #4 (the "Area #4 Plan"). The Area #4 Plan has been amended several times;

WHEREAS, on May 4, 1998, the City Council, after notice duly published, conducted a public hearing on the Urban Renewal Plan for Urban Renewal Area #4 and Creating Revenue Allocation Area #4-1 (the "RAA #4-1 Plan") to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 2579 on May 4, 1998, approving the RAA #4-1 Plan, making certain findings and establishing the RAA #4-1 revenue allocation area (the "RAA #4-1 Project Area");

WHEREAS, on August 26, 2013, the City Council, after notice duly published, conducted a public hearing on the Amended Urban Renewal Plan for Revenue Allocation Area #4-1 Expansion (the "Amended RAA #4-1 Plan") seeking to add geographic area to the RAA #4-1

Project Area, pursuant to Idaho Code § 50-2033, to redevelop a portion of the City within the boundaries of the Urban Renewal Area #4, as amended, pursuant to the Law and the Act;

WHEREAS, following said public hearing, the City Council adopted its Ordinance No. 3056 on August 26, 2013, approving the Amended RAA #4-1 Plan, making certain findings and establishing the Amended RAA #4-1 revenue allocation area (the "Amended RAA #4-1 Project Area");

WHEREAS, in order to achieve the objectives of the Amended RAA #4-1 Plan, the Agency was authorized to acquire real property for the revitalization of areas within the Amended RAA #4-1 Project Area;

WHEREAS, the Agency acquired certain real property, identified in **Exhibit A**, and located within the City ("Property");

WHEREAS, the termination date for the Amended RAA #4-1 Plan revenue allocation area was December 31, 2022; recognizing the Agency will receive revenues in 2023, as authorized pursuant to Idaho Code § 50-2905(7);

WHEREAS, pursuant to Idaho Code § 50-2905(8), the Agency may retain property following termination of the Amended RAA #4-1 Project Area as long as the Agency shall have resources other than revenue allocation funds to operate and manage such assets;

WHEREAS, the Agency reviewed the Property and seeks to transfer the Property to the City; the Property was redeveloped and no longer requires Agency assistance; or the Property serves a public purpose and is better utilized by the City;

WHEREAS, Idaho Code § 50-2015 allows the Agency to convey real property to the City without consideration and subject to the terms and conditions as the Agency deems necessary;

WHEREAS, the City has indicated its willingness to accept the Property by Quitclaim Deed and to relieve the Agency of any further operation or maintenance of the Property;

WHEREAS, the Agency Board finds it in the best interest of the Agency and the public to approve the Quitclaim Deed for the Property, without consideration, to the City and to direct Agency staff to take all necessary steps to effectuate the same;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE BOARD OF COMMISSIONERS OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, AS FOLLOWS:

Section 1: That the above statements are true and correct.

Section 2: That the Quitclaim Deed, a copy of which is attached hereto as Exhibit A and depicted on attached Exhibit B Map Reference, and incorporated herein by reference, be and the same hereby is approved and adopted.

Section 3: That the Chair is authorized and directed to execute the Quitclaim Deed on behalf of Agency and thereafter deliver the Quitclaim Deed to the City for formal acceptance by the City Council and subsequent recording with the Twin Falls County Recorder; and further authorizing the Agency Chair to execute any ancillary documents on behalf of the Agency.

Section 4: That this Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED by The Urban Renewal Agency of the City of Twin Falls, Idaho, on March 20, 2023. Signed by the Chair of the Board of Commissioners and attested by the Secretary to the Board of Commissioners on March 20, 2023.

APPROVED:

____
Rudy Ashenbrener, Chair

ATTEST:

____
Secretary

EXHIBIT A

QUITCLAIM DEED

Recording Requested by:
City of Twin Falls
203 Main Avenue East
Twin Falls, ID 83301
Attn: City Clerk's Office

QUITCLAIM DEED

FOR VALUE RECEIVED, The Urban Renewal Agency of the City of Twin Falls, organized under the laws of the State of Idaho and having a mailing address of 203 Main Avenue East, Twin Falls, Idaho 83301, does hereby convey, release, remise, and forever quitclaim unto the City of Twin Falls, an Idaho municipal corporation, whose address is 203 Main Avenue East, Twin Falls, Idaho 83301, all right, title, and interest of The Urban Renewal Agency of the City of Twin Falls in and to the following described real property, together with all improvements and appurtenances on said real property, situated in Twin Falls County, State of Idaho, more particularly described as:

(See attached Exhibit A – Legal Description)

TO HAVE AND TO HOLD the said premises, unto the City of Twin Falls, successors, and assigns forever.

DATED this ____ day of _______________, 2023.

The Urban Renewal Agency the City of Twin Falls

____
By: Rudy Ashenbrener, Chair

STATE OF IDAHO)
) ss.
County of Twin Falls)

On this _____ day of ___________________, 2023, before me, a Notary Public in and for the State of Idaho, personally appeared Rudy Ashenbrener, known or identified to me to be the Chair of THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS, IDAHO, the independent public body, corporate and politic, that executed the foregoing instrument, and acknowledged to me that he had authority to execute same on behalf of The Urban Renewal Agency of the City of Twin Falls, Idaho.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

____
Notary Public for Idaho
My Commission Expires:_____________

Legal Description
Urban Renewal Agency of the City Twin Falls
Twin Falls County, Idaho

Being a portion of the S ½ NE ¼ of Section 17 Township 10 South, Range 17 East, Boise Meridian, Twin Falls County, Idaho, more particularly described as follows:

Commencing at the Southeast corner of said S ½ NE ¼ of Section 17;
Thence, along the South Boundary of said S ½ NE ¼ of Section 17, North 87°03'58" West 1264.86 feet to the Southeast corner of that certain Parcel of Land described in deed recorded July 27, 2000 as Instrument No. 2000-011450 in the office of the County Recorder of Twin Falls County and being the REAL POINT OF BEGINNING;
Thence, along the East Boundary of said Parcel of Land (2000-011450), North 00°50'12" West 212.07 feet;
Thence, along the Northeasterly Boundary of said Parcel of Land (2000-011450), North 65°32'45" West 390.06 feet;
Thence, continuing along said Northeasterly Boundary, North 29°17'15" West 239.06 feet to a point on the West Boundary of that certain Record of Survey recorded as Instrument No. 0000-777832 in said Office of the County Recorder of Twin Falls County;
Thence, along said West Boundary, North 01°27'59" West 253.39 feet to a point on the Rim of the Rock Creek Canyon as shown n said Record of Survey;
Thence, along said Rim, South 48°33'42" East 81.95 feet;
Thence, continuing along said Rim, South 35°00'54" East 243.96 feet;
Thence, continuing along said Rim, South 15°26'16" East 106.51 feet;
Thence, continuing along said Rim, South 59°18'13" East 108.05 feet;
Thence, continuing along said Rim, South 58°43'27" East 178.58 feet;
Thence, continuing along said Rim, South 65°18'43" East 84.19 feet to the Northwest corner of that certain Parcel of Land described in deed recorded November 7, 2007 as Instrument No. 2007-027154 in said office of the County Recorder of Twin Falls County;
Thence, along the West Boundary of said Parcel of Land (2007-027154), South 00°48'32" West 299.00 feet to a point on said South Boundary of the S ½ NE ¼ of Section 17;
Thence, along said South Boundary, North 87°03'58" West 66.07 feet to said REAL POINT OF BEGINNING.

Containing approximately 2.71 acres.

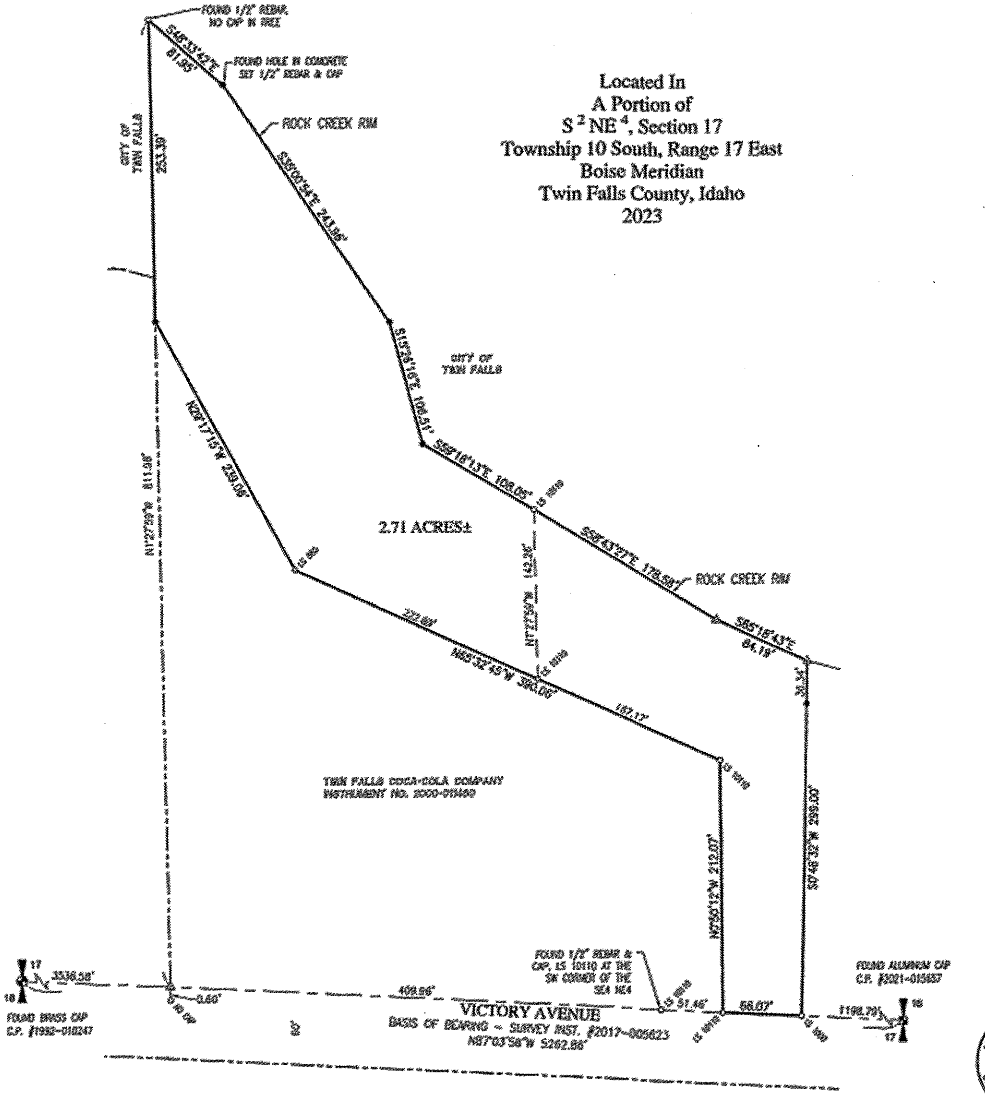
End of Description

PROFESSIONAL LAND SURVEYOR
REGISTERED
10110
3-6-23
STATE OF IDAHO
CHRISTOPHER S. HARMISON

Record of Survey
for
URBAN RENEWAL AGENCY OF TWIN FALLS

EHM Engineers, Inc.
BUILDING THE FUTURE ON A FOUNDATION OF EXCELLENCE
Engineers / Surveyors / Planners
621 North College Road, Suite 100 Twin Falls, Idaho 83301
p (208)-734-4888 fax (208)-734-4049 web: ehminc.com

Located In
A Portion of
S 2 NE 4, Section 17
Township 10 South, Range 17 East
Boise Meridian
Twin Falls County, Idaho
2023



Legend

- SURVEY BOUNDARY LINE
- QUARTER SECTION LINE
- ADJACENT PROPERTY LINE
- TIE LINE
- PLATTED LOT LINE
- CALCULATED POINT (NOT SET)
- FOUND BRASS CAP
- FOUND 1/2" REBAR (AS NOTED)
- FOUND ALUMINUM CAP
- SET 1/2" x 24" REBAR & CAP – LS 10110

Survey References

#2019-016197
#2017-005623
#2016-000146
#2009-021835
#2000-021618
#2000-003427
#777832

Deed References

#1991-005544
#2000-009461
#2000-011450
#2007-027134

Surveyor's Narrative

THE PURPOSE OF THIS SURVEY IS TO CREATE A NEW LEGAL DESCRIPTION OF A PORTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF TWIN FALLS PARCEL OF LAND.

MONUMENTS FOUND PER RECORD OF SURVEY RECORDED AS INSTRUMENT NO. 2019-016197.

MONUMENTS WERE FOUND ALONG THE ROCK CREEK CANYON RIM PER RECORD OF SURVEY RECORDED AS INSTRUMENT NO. 0000-777832 AS SHOWN HEREON.

THE NORTHERN BOUNDARY WAS ESTABLISHED BY LOCATING THE ROCK CREEK RIM AND RECORD OF SURVEYS NO. 2009-021835 AND NO. 0000-777832

TWIN FALLS COUNTY
2023-002476
Mar 02, 2023 2:46:48 pm
For: EHM ENGINEERS
KRISTINA GLASCOCK, County Clerk
Deputy: APRATT
Pages: 1
Fee: $ 5.00

Certificate of Surveyor

I, CHRISTOPHER S. HARMISON, DO HEREBY CERTIFY THAT I AM A REGISTERED LAND SURVEYOR, IN THE STATE OF IDAHO, AND THIS MAP HAS BEEN PREPARED FROM AN ACTUAL SURVEY MADE ON THE GROUND UNDER MY DIRECT SUPERVISION, AND IS AN ACCURATE REPRESENTATION OF SAID SURVEY. IT IS IN CONFORMITY WITH THE CORNER PERPETUATION AND FILING ACT, STATE OF IDAHO CODE 55-1601 THROUGH 55-1612 AND TO THE IDAHO CODE RELATING TO SURVEYS.

PROFESSIONAL LAND SURVEYOR
REGISTERED
10110
3-2-23
STATE OF IDAHO
CHRISTOPHER S. HARMISON

JOB NO.	030-23
DRAWN	CSH
DATE	FEBRUARY 2023
SCALE	As Shown
	Y 030-23 CTRL
Sheet No.	1

EXHIBIT B
MAP REFERENCE