MOSCOW
Urban Renewal Agency

Moscow, Idaho

Financial Statements



For The Fiscal Year Ended
September, 30 2024

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

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MOSCOW
Urban Renewal Agency

To the Moscow Urban Renewal Agency Board of Commissioners and Citizens of the City of Moscow:

We are pleased to submit to you the *Audited Financial Statements for the Moscow Urban Renewal Agency* (hereafter "the Agency") for the fiscal year ended September 30, 2024.

Idaho State Law requires that all government development authorities submit audited financial statements to the entity that sponsored their corporate existence. For the Moscow Urban Renewal Agency, this entity is the City of Moscow. The statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS).

This report consists of management's representations concerning the finances of the Agency. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Agency's assets from loss, theft, or misuse and to compile sufficient and reliable information for the preparation of the Agency's financial statements. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Presnell Gage, PLLC, a company of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the Agency's financial statements for the fiscal year ended September 30, 2024.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this Letter of Transmittal and the two should be read in conjunction.

Profile of the Moscow Urban Renewal Agency

The Agency was organized by the Moscow City Council in 1995 pursuant to resolution 95-08 in accordance with *Idaho Urban Renewal Law*, Ch. 20, Title 50, *Idaho Code* (the "Law") and the *Local Economic Development Act*, Ch. 29, Title 50, *Idaho Code* (the "Act"). The Agency acts as an arm of the Idaho State government entirely separate and distinct from the City of Moscow as provided in *Idaho Code* Section 50-2006.

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The purpose of the Agency is to undertake urban renewal projects in areas designated by the City of Moscow to be deteriorating, and to undertake this rehabilitation, conservation, redevelopment, or a combination thereof, in the interest of the public health, safety, morals or welfare of the residents of the City of Moscow.

The Agency is comprised of seven Commissioners appointed by the Mayor, and confirmed by the City Council, with terms as specified by the Mayor, as authorized by Moscow City Council Resolution 2008-17. Membership is constituted as follows: Two (2) members of the Moscow City Council; one (1) member of the Latah County Commission; and four (4) members from the citizenry at large. Terms are staggered in such a fashion that no more than three (3) expire in any given year. The Board of Commissioners elects the Chair, Vice-Chair and Secretary from the ranks of the Commission. The Treasurer's office may be filled by Commissioners or by staff appointments made by the Commission.

The Chair is the chief presiding officer of the Agency. The Chair executes all deeds, bonds, contracts, and other legal documents authorized by the Commission. Some of the Chair's duties may be delegated by the Board of Commissions to the Agency's Executive Director, who oversees the day-to-day operations of the Agency and carries out the policies of the Board.

The City of Moscow is responsible for defining the geographic boundaries and legal creation of all urban renewal districts within the City. The Legacy Crossing District was created in 2008. The Agency works with the City of Moscow and the private sector to remedy blight and to facilitate economic development within urban renewal districts. The Agency's activities within urban renewal districts are directed by specific urban renewal plans adopted by the Moscow City Council. The Agency provides funding for these efforts through the use of tax increment financing.

When the City establishes a tax increment financing district, the value on the property within the district is frozen as of the year the district is established. The ad valorem taxes collected on the frozen or "base" value is paid to the various taxing entities providing services to that property. Any subsequent increase in the value of property above the base is called the "increment" value and the tax revenue generated from the increment value is transferred to the Agency. These tax increment revenues are used by the Agency to pay for public improvements and other revitalization activities in that district. When the district closes (now up to 20 years from commencement) the increment value is added back to the base value on the tax rolls. This helps diversify and strengthen the economic bases of both the City and the County.

Though urban renewal is a separate item on property tax statements, local property owners pay the same amount of tax whether or not an urban renewal district is established in their area.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Agency operates.

Local Economy

Moscow is a city in northern Idaho, situated along the Washington/Idaho border. Moscow is the county seat and largest city in Latah County. Moscow is the home of the University of Idaho, the land grant institution and primary research university for the state, as well as the home of New Saint Andrews College. Eight miles west is Pullman, Washington, home of Washington State University, also a land grant institution.

Moscow is the principal city in the Moscow, Idaho, Micropolitan Statistical Area (McrSA), which includes Latah County. The City contains over 60 percent of the County's population and while the University of Idaho is the dominant employer in Moscow, the City also serves as an agricultural and commercial hub for the Palouse region. Moscow leads all cities in the Micropolitan Statistical Area (McrSA) in most measures of economic power, including population, income, employment, bank deposits, assessed valuation, office space, and college enrollment.

The 2020 population of the City was 25,435 (2020 US Census), which places it as the 13th largest city in Idaho. The unemployment rate (not seasonally adjusted) for Latah County for September 2023 was 2.5 percent.

Long-term Financial Planning

Prior to the fourth Monday of March of the current year, the Latah County auditor notifies the Agency of the total taxable valuation of all the taxable property situated within the Legacy Crossing District for the preceding calendar year for the purpose of assisting the Agency to develop its annual budget.

In February 2021, the Latah County Assessor released its report on the Agency's assessed valuation for fiscal year 2023 (tax year 2022). Total assessed valuation within the Legacy Crossing District increased by over 13 percent. The Agency's tax increment revenue received in fiscal year 2024 was $1,019,437, or about 2 percent increase from the prior year.

A tax increment calculation error occurred for the Legacy Crossing District. Following the 2012 property tax assessment process, Latah County notified the Agency that after a review of the assessment process, a tax increment calculation error had been made in the Legacy Crossing District, and the Agency had been allocated too much assessed value. It has been determined that the Agency received an overpayment of $114,537 of property tax receipts over the previous three-year period. Pursuant to an agreement made between the Agency and Latah County, the overpayment will be repaid to Latah County on behalf of the effected taxing entities over a period beginning in fiscal year 2017 and ending in fiscal year 2029.

Major Fiscal Year Initiatives

Sixth and Jackson Property. The Agency owns a 0.84-acre property at the southwest corner of the intersection of Sixth and Jackson Streets in Moscow. The Agency's primary focus is the redevelopment of the property through completion of environmental assessment/remediation and facilitating the construction of improvements in conformance with the Legacy Crossing Plan. In May of 2013, the Agency was awarded an EPA Hazardous Substances Cleanup Grant to fund the removal of soils to allow the property to be redeveloped. The active cleanup construction was completed in the fall of 2016 and the Agency received the Certificate of Completion and Covenant Not to Sue from the State of Idaho Department of Environmental Quality in April 2017. The Agency has been unsuccessful in attempts to negotiate with private parties for the development of the property. Efforts continue and will likely shift to an approach that includes a public open space component to facilitate permanent development in the coming years.

Private Development Partnerships. The Agency's Board has partnered in over $40 million in private development projects to assist in funding the cost of needed public infrastructure, environmental remediation, and roadway and access improvements through Owner Participation Agreements (OPA). Through the OPA, the Agency reimburses the developer for identified public improvements from increased property taxes that result from the private investment. In fiscal year 2024, the Agency paid $43,826 in OPA developer reimbursements.

Accounting System and Budget Control

The annual budget serves as the foundation for the Agency's financial planning and control. The Agency's Executive Director and Treasurer prepare the annual budget. The Agency must notify the Latah County clerk of the date, time, and location of the Agency's budget hearing for the upcoming fiscal year no later than April 30 of each year. The Agency's Board of Commissioners must adopt a prospective budget prior to the scheduled public hearing. Legal notice of the proposed budget and budget hearing must be published twice, at least seven (7) days apart in the official newspaper. The final budget document must be adopted and published by September 30 of each year.

The planning of the budget, proposed presentation, public hearing notices, public hearing, adoption and submission to Latah County is outlined in the annual budget calendar each year ensuring all legal compliance and disclosure. The Agency's adopted budget threshold is the Agency's total balance of revenues and expenditures. The Agency may amend the current year's budget at any time during the fiscal year so long as it follows the same public hearing requirements needed for the budget's original certification. Amendments to the budget are occasionally necessary for unanticipated revenues.

Awards and Acknowledgements

We would like to commend the City of Moscow staff for their efficient and dedicated service in helping to prepare this report. We also wish to thank Steve McGeehan, Chairman, and the Board of Commissioners for their support in planning and conducting the financial operations of the Agency in a responsible and progressive manner. Credit must also be given to the Agency's auditors, Presnell Gage, PLLC, for their most valuable assistance in preparation of this report.

Respectfully submitted,

Cody Riddle
Executive Director

Renee Tack
Agency Treasurer

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Moscow Urban Renewal Agency
Moscow, Idaho

Report of the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Moscow Urban Renewal Agency, a discretely presented component-unit of the City of Moscow, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency'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 and the major fund of the Moscow Urban Renewal Agency as of September 30, 2024, and the respective changes in financial position 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 Moscow Urban Renewal Agency 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 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.

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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 Moscow Urban Renewal Agency'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 Lewiston, 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 Lewiston, 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 management's discussion and analysis and budgetary comparison information on pages 10 through 16 and 22 through 23, respectively, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025 on our consideration of the Moscow Urban Renewal Agency'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 Moscow Urban Renewal Agency 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 Moscow Urban Renewal Agency's internal control over financial reporting and compliance.

Presnell Gage, PLLC

March 13, 2025
Moscow, Idaho

This section offers readers an overview and analysis of the fiscal year 2024 financial activities of the Moscow Urban Renewal Agency (hereafter "the Agency") of the City of Moscow, Idaho. It should be read in conjunction with the Agency's audited financial statements, which follow this section.

2024 FINANCIAL HIGHLIGHTS

- The Agency's total net position was $4,240,200.
- The Agency's total liabilities on September 30, 2024, were $195,910.
- The Agency's total year-end fund balances were $3,756,317.
- The property tax revenue generated from within the Legacy Crossing District, was $1,019,438, an increase of 21.2%. Property tax increment revenues are calculated on the change in property valuations as assessed by the Latah County Assessor.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's annual financial report consists of several sections. Taken together, they provide a comprehensive overview of the Agency's activities. The sections of the report are as follows:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview, and economic factors affecting the Agency.

Basic Financial Statements. This section includes the Agency-wide financial statements, fund financial statements, and notes to the financial statements. Agency-wide financial statements consist of the statement of net position and the statement of activities and utilize the accrual basis of accounting. The statements are intended to be more business-oriented and assist in assessing the *operational accountability* of the entity. The fund financial statements are similar to the Agency-wide statements, however, they use the modified accrual basis of accounting and focus on the *fiscal accountability* of the entity.

Agency-Wide Statements

- The statement of net position found on page 17 focuses on resources available for future operations. This statement presents a snapshot view of the assets the Agency owns, the liabilities it owes and the net difference. The net difference is further separated into amounts indicating the agency's assets, net of debt, restricted for debt service, and unrestricted amounts.

- The statement of activities found on page 18 focuses on gross and net costs of the Agency's programs and the extent to which such programs rely upon property tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund Financial Statements

- The balance sheet located on page 19 is similar to the statement of net position; however, the balance sheet omits long-term assets and long-term liabilities. This format helps assess current assets, which are available to meet current liabilities and debt service payments. Also, there is a reconciliation of the balance sheet and the statement of net position, which outlines why there are differences in the two statements.

There are three statements of revenues, expenditures, and changes in fund balances on pages 20, 22, and 23. The statement on page 21 reconciles the differences to the Agency-wide statement of activities. The statements on page 22-23 show the budget-to-actual revenues and expenditures for the year for the General fund and Legacy Agency, respectively, and help in assessing whether the Agency raised and spent funds according to the budget plan.

Notes to the Basic Financial Statements

- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Agency's financial condition.

Report by the Independent Certified Public Accountants

- The report by the independent certified public accountants includes supplemental communication on the Agency's compliance and internal controls as required by Idaho statutes.

MAJOR AGENCY INITIATIVES IN FISCAL YEAR 2024

Legacy Crossing District. The Agency owns a lot located at the southwest corner of the intersection of 6th and Jackson Streets in Moscow, within the Legacy Crossing District. The Agency's primary focus is the redevelopment of the property through the completion of environmental assessment/remediation and facilitating the construction of improvements in conformance with the Legacy Crossing Plan. The Sixth and Jackson property is one of the beneficiaries of an EPA Brownfield Assessment Grant and has undergone testing throughout in 2014 to develop a remediation plan to remove contaminated soils in order to prepare the property for redevelopment.

On May 29, 2013, the Agency was awarded an EPA Hazardous Substances Cleanup Grant to fund the removal of the contaminated soils. The Agency completed the cleanup in the fall of 2016 and received a Certificate of Completion and Covenant Not to Sue from the State of Idaho Department of Environmental Quality in April 2017.

In response to a Request for Proposals (RFP) for the property, Sangria Downtown LLC was selected as the successful respondent and on October 26, 2017, a Disposition and Development Agreement (DDA) to formally document terms of transaction and responsibilities of the parties was approved by the Board. In May of 2018 Sangria terminated the DDA due to increased construction costs that rendered their project infeasible. The Agency issued a second RFP in 2018 and on February 21, 2019 selected the Moscow Flatirons project submitted by Roderick D. Olps for the property. Progress on the development of the site was halted in 2020 due to the COVID-19 pandemic and rising construction costs resulting in a second unsuccessful effort to develop the property. A new RFP was issued early in 2023, and the agency selected Moscow Hotel, LLC to pursue development of the property. As the design advanced, the development group found the project infeasible and withdrew the proposal before formal negotiations to acquire the property occurred.

On October 1, 2018, the Moscow City Council passed Ordinance 2018-13 approving the amendment to the Legacy Crossing District Boundary to include the adjacent portion of Main Street through the adoption of the Amended and Restated Legacy Crossing Urban Renewal District Redevelopment Plan. Under state law, any such amendment becomes retroactively effective to January 1st of the year the amendment occurred. The district amendment resulting in the addition of 6 acres of land to the District bringing the total District size to approximately 169 acres.

The purpose of the amendment was to allow the opportunity for the Agency to financially participate in the reconstruction and repair of the deteriorating public infrastructure in downtown which has been identified as a major challenge area by the Moscow City Council.

As part of the creation of the Legacy Crossing District, all the parcels were given a base value premised on the 2008 property values. Assessed values above the 2008 base for those parcels benefit the District. Once the Area is established, a tax code area is created that identifies those taxing entities levying taxes within the Area. Beginning in 2009, any increase in the properties assessed values times the levies, generates tax increment revenue for the District. The assessment process utilized by the County for three subsequent years (from the base year of 2008) used certain software developed and provided by the Idaho State Tax Commission. It was determined that the software during this three-year period of time experienced a "glitch" that needed to be manually overridden by the Latah County Assessor's office in order to have prevented an over allocation of value. The Agency has no part of the assessment process or establishment of the various tax levies.

Following the 2012 property tax assessment process, the County contended that the Agency received an over payment of $114,537 of property tax receipts over the three-year period. A settlement agreement between the Agency and Latah County was reached to provide for a schedule of repayment of the property taxes. The remaining balance on September 30, 2024 was $74,537.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Trends in the Urban Renewal Agency's Net Position

	2024	2023	2022
Assets			
Current and other assets	$ 3,756,690	$ 2,737,470	$ 2,474,194
Capital assets (net of accumulated depreciation)	679,420	679,420	679,420
Total assets	4,436,110	3,416,890	3,153,614
Deferred outflows of resources	0	0	0
Liabilities			
Current liabilities	44,373	49,794	137,316
Long-term liabilities	151,537	195,537	237,537
Total liabilities	195,910	245,331	374,853
Deferred inflows of resources	0	0	0
Net position			
Net investment in capital assets	558,420	521,420	486,420
Restricted debt service	44,312	44,312	44,312
Unrestricted	3,637,468	2,605,827	2,248,029
Total net position	$ 4,240,200	$ 3,171,559	$ 2,778,761

The Agency's total assets and deferred outflows of resources for 2024 exceeded its liabilities and deferred inflows of resources by $4,240,200. Total capital assets are $679,420 and consists of land, infrastructure for water and sewer, curbs, sidewalks, street lighting and paving.

Outstanding Debt. At the end of fiscal year 2024, the Agency had total outstanding bonded debt of $121,000 as noted on page 30. These bonds are limited obligations of the Agency for the Legacy Crossing District. Additional information on the Agency's long-term debt can be found in Note 5 in the notes to the financial statements.

Trends in the Urban Renewal Agency's Changes in Net Position

	2024	2023	2022
Revenues:			
General revenues:			
Property tax	$ 1,019,438	$ 841,139	$ 876,060
Other revenues:			
Investment Income	168,903	114,194	15,035
Disposal of Assets (loss)	0	0	(31,234)
Grants and contributions	0	0	0
Total revenues	1,188,341	955,333	859,861
Expenditures:			
Project administration	117,712	559,368	502,918
Depreciation	0	0	0
Interest Expense	1,988	3,167	4,515
Total expenditures	119,700	562,535	507,433
Change in net position	$ 1,068,641	$ 392,798	$ 352,428
Net position, beginning	3,171,559	2,778,761	2,426,333
Net position, ending	$ 4,240,200	$ 3,171,559	$ 2,778,761

The change in investment income reflects changes in the market value of investment bonds held by the Agency, and fluctuations in the interest rates effective during the fiscal year. The Agency implements all Governmental Accounting Standards Board (GASB) pronouncements so that we are in compliance with the accounting standards for governments. Additional information comparing the Agency's budgeted to actual expenditures can be found in the statement of revenues, expenditures, and changes in fund balances on pages 22 and 23.

FUND FINANCIAL ANALYSIS

Trends in the Urban Renewal Agency's Balance Sheet

	2024	2023	2022
ASSETS			
Cash and investments	$ 3,688,996	$ 2,712,930	$ 2,464,558
Accounts receivable	62,434	19,280	4,376
Other assets	5,260	5,260	5,260
Total assets	3,756,690	2,737,470	2,474,194
DEFERRED OUTFLOWS OF RESOURCES	0	0	0
Total assets and deferred outflows or resources	$ 3,756,690	$ 2,737,470	$ 2,474,194
LIABILITIES	373	7,794	97,316
DEFERRED INFLOWS OF RESOURCES	0	0	0
Total liabilities and deferred inflows of resources	373	7,794	97,316
FUND BALANCE			
Restricted	44,312	44,312	44,312
Assigned	3,326,599	2,468,860	1,467,405
Unassigned	385,406	216,504	865,161
Total fund balance	3,756,317	2,729,676	2,376,878
Total liabilities, deferred inflows of resources and fund balance	$ 3,756,690	$ 2,737,470	$ 2,474,194

The increase in Accounts receivable is due to property taxes accrued for September. The decrease in liabilities is a result of decreased accounts payable due to timing of year-end invoices. Accumulated funding has been set aside for improvements to the Agency's lot located at the southwest corner of the intersection of Sixth and Jackson Street, which have been carried forward while the Agency continues the pursuit of the sale of this property. The $44,312 of restricted fund balance represents the required bond reserve account balance for the Legacy Crossing District bond.

ECONOMIC CONDITIONS AFFECTING THE AGENCY

Moscow's major employers are heavily represented in the sectors of education, health care, retail, and government. These four sectors represent roughly 65 percent of Moscow's economy. The Latah County unemployment rate for the month ending in September 2024 was 3.3 percent compared to 2.7 percent in September 2023. The September 2024 unemployment rate of 3.3 percent was below a state unemployment rate of 3.7 percent and a national unemployment rate of 4.1 percent.

While overall employment decreased, Latah County saw employment expansion in several sectors from 2023 – 2024, including:

- Construction (9.4 percent)
- Manufacturing (13.9 percent)
- Retail Trade (3.5 percent)
- Information (6.4 percent)
- Real Estate (7.5 percent)

Real Estate:

- The average home sale price in the City of Moscow increased 4.5 percent from $412,063 in 2023 to $430,960 in 2024, after a 3.2 percent increase the prior year.

- The average home sale price in Latah County increased 3.8 percent from $403,506 in 2023 to $418,964 in 2024, after a 1.8 percent increase the prior year.

Tourism:

- In 2024, Latah County transient occupancy tax decreased by approximately 2 percent compared to the previous year.

Building Permits:

Total permitted construction value in the City of Moscow increased from $28.3 million in 2023 to $68.4 million in 2024. The 10-year average is $31.6 million.

1 Idaho Department of Labor-Local Area Unemployment Statistics
2 U.S. Bureau of Labor Statistics
3 Latah County MLS
4 Idaho Department of Commerce, Tourism Department
5 City of Moscow Community Development Department

Urban Renewal and Tax Increment Financing (TIF). The State of Idaho offers few financial incentives for economic development. Urban renewal tax increment financing is one of the few economic development tools available to local governments in Idaho.

As an urban renewal agency, the Agency receives tax increment revenues calculated on the assessed value over the frozen base, which is set at the time of creation of an urban renewal district. When the Agency completes public improvements in association with an urban renewal plan, the Agency is investing in the local community and economy helping to increase property values and economic activity in the community. Because states are cutting or delaying aid to local governments in significant numbers, transferring costs from themselves to their cities, counties, and K-12 schools, and in some cases additionally passing laws that limit the local government's ability to raise taxes, urban renewal and tax increment financing are vital economic development programs in Idaho.

The Alturas Technology Park District revenue allocation area was closed in the 2015 fiscal year. As a result of the closure, the $22 million in increased property value that occurred as a result of the Agency's investment in Alturas will be available to the taxing districts and will continue to provide long-lasting economic benefit to the City of Moscow and the region. Building on the success of the Alturas Technology Park District, the Legacy Crossing District was created in 2008 to provide a vision and direction for the redevelopment of an obsolete railroad corridor adjacent to downtown Moscow, and to increase economic opportunities for the community.

The Legacy Crossing District will have long-term positive impacts on the community and the Agency's financial status. The re-urbanization of inner-city districts, particularly those with land uses transitioning from industrial uses to mixed-uses, requires an extended planning horizon. Redevelopment and improvement activities continue throughout the District, including on the Agency-owned property located at the southwest corner of the intersection of Sixth and Jackson Streets.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Moscow Urban Renewal Agency Treasurer, P.O. Box 9203, Moscow, Idaho, 83843.

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	$ 3,688,996
Receivables	62,434
Other assets	5,260
Land	679,420
Total assets	4,436,110
DEFERRED OUTFLOWS OF RESOURCES	0
LIABILITIES	
Accounts payable	373
Series 2010 Bond - due within one year	39,000
Latah County payback agreement - due within one year	5,000
Loan payable Legacy - long-term	82,000
Latah County payback agreement - due after one year	69,537
Total liabilities	195,910
DEFERRED INFLOWS OF RESOURCES	0
NET POSITION	
Net investment in capital assets	558,420
Restricted	
Debt service	44,312
Unrestricted	3,637,468
Total net position	$ 4,240,200

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

	Expenses	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES			
Project administration	117,712		$ (117,712)
Interest expense	1,988		(1,988)
Total governmental activities	$ 119,700	$ 0	(119,700)
GENERAL REVENUES			
Property taxes levied for general purposes			1,019,438
Investment income			168,903
Total general revenues			1,188,341
Change in net position			1,068,641
NET POSITION, beginning of year			3,171,559
NET POSITION, end of year			$ 4,240,200

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2024

	General	Legacy Crossing District	Total
ASSETS			
Cash and investments	$ 370,434	$ 3,318,562	$ 3,688,996
Receivables	15,345	47,089	62,434
Other assets		5,260	5,260
Total assets	385,779	3,370,911	3,756,690
DEFERRED OUTFLOWS OF RESOURCES	0	0	0
Total assets and deferred outflows of resources	$ 385,779	$ 3,370,911	$ 3,756,690
LIABILITIES			
Accounts payable	$ 373		$ 373
Total liabilities	373	$ 0	373
DEFERRED INFLOWS OF RESOURCES	0	0	0
FUND BALANCE			
Restricted for debt service		44,312	44,312
Assigned		3,326,599	3,326,599
Unassigned	385,406		385,406
Total fund balance	385,406	3,370,911	3,756,317
Total liabilities, deferred inflows of resources, and fund balance	$ 385,779	$ 3,370,911	$ 3,756,690

RECONCILIATION OF THE STATEMENT OF NET POSITION TO THE BALANCE SHEET - GOVERNMENTAL FUNDS

Total fund balance - Governmental Funds	$ 3,756,317
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are financial resources and, therefore, are not reported in the funds	679,420
Long-term liabilities, consisting of bonds payable and tax repayment agreement, are due and payable in the current period and, therefore, are not reported in the funds	(195,537)
Total net position - Governmental Activities	$ 4,240,200

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2024

	General	Legacy Crossing District	Total
REVENUES			
Property taxes		$ 1,019,438	$ 1,019,438
Investment income	$ 168,903		168,903
Total revenues	168,903	1,019,438	1,188,341
EXPENDITURES			
Current			
Legal and professional fees	7,895	1,500	9,395
Insurance	2,172		2,172
Advertising	250		250
Management services	57,005		57,005
Land incentive agreement		43,826	43,826
Other administration expenses	23	5,041	5,064
Debt Service			
Principal retirement		42,000	42,000
Interest		1,988	1,988
Total expenditures	67,345	94,355	161,700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	101,558	925,083	1,026,641
OTHER FINANCING SOURCES (USES)			
Operating transfers	67,344	(67,344)	0
Total other financing sources (uses)	67,344	(67,344)	0
Net change in fund balances	168,902	857,739	1,026,641
FUND BALANCES AT BEGINNING OF YEAR	216,504	2,513,172	2,729,676
FUND BALANCES AT END OF YEAR	$ 385,406	$ 3,370,911	$ 3,756,317

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

Net change in fund balances - Governmental Funds	$ 1,026,641
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Principal payments made on long-term debt	42,000
Change in net position - Governmental Activities	$ 1,068,641

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
GENERAL FUND
Year Ended September 30, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Investment income	$ 45,000	$ 168,903	$ 123,903
Total revenues	45,000	168,903	123,903
EXPENDITURES			
Current			
Legal and professional fees	11,396	7,895	3,501
Insurance	1,950	2,172	(222)
Advertising	500	250	250
Management services	57,005	57,005	
Other administration expenses	2,000	23	1,977
Total expenditures	72,851	67,345	5,506
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,851)	101,558	129,409
OTHER FINANCING SOURCES (USES)			
Operating transfers	72,851	67,344	(5,507)
Total other financing sources (uses)	72,851	67,344	(5,507)
Net change in fund balances	$ 45,000	168,902	123,902
FUND BALANCES BEGINNING OF YEAR		216,504	216,504
FUND BALANCES END OF YEAR		$ 385,406	$ 340,406

See accompanying notes

MOSCOW URBAN RENEWAL AGENCY, MOSCOW, IDAHO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
LEGACY CROSSING DISTRICT FUND
Year Ended September 30, 2024

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	$ 988,278	$ 1,019,438	$ 31,160
Total revenues	988,278	1,019,438	31,160
EXPENDITURES			
Current			
Legal and professional fees	8,710	1,500	7,210
Advertising	1,030		1,030
Land incentive agreement	63,490	43,826	19,664
Development participation	870,000		870,000
Other administration expenses	5,665	5,041	624
Debt service			
Principal retirement	42,000	42,000	
Interest	6,936	1,988	4,948
Contingency	15,000		15,000
Total expenditures	1,012,831	94,355	918,476
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,553)	925,083	949,636
OTHER FINANCING SOURCES (USES)			
Operating transfers	(72,851)	(67,344)	5,507
Total other financing sources (uses)	(72,851)	(67,344)	5,507
Net change in fund balances	$ (97,404)	857,739	955,143
FUND BALANCES BEGINNING OF YEAR		2,513,172	2,513,172
FUND BALANCES END OF YEAR		$ 3,370,911	$ 3,468,315

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Moscow Urban Renewal Agency (the "Agency"), a discretely presented component unit of the City of Moscow, Idaho, was organized on June 19, 1995, under the Idaho Urban Renewal Law, Chapter 20, Title 50 of the *Idaho Code*. As such, the Agency acts as a legal entity, separate and distinct from the City of Moscow, even though members of the City Council also serve as members of the Agency's governing board. However, the Agency is considered a component unit of the City of Moscow due to the oversight authority of the City Council.

The actions of the Agency are binding, and business, including the incurrence of long-term debt, is routinely transacted in the Agency's name by its appointed representatives. The Agency is broadly empowered to engage in the general economic revitalization and redevelopment of the City through acquisition and development of property, public improvements, and revitalization activities in those areas of the City determined to be in a declining condition, which are in a redevelopment project area.

The Alturas Technology Park was the Agency's first project. Phase I of the project was constructed during 1997 and 1998, and consists of six saleable lots and a public park. Construction of Phase II began in the fall of 2005. The Moscow Urban Renewal Agency closed the Alturas Technology Park Tax Allocation Area in 2016 and contributed public infrastructure capital assets to the City of Moscow. The final Alturas lots were sold in prior years.

During the fiscal year ended September 30, 2008, a central portion of the City of Moscow was declared a deteriorating area. A second urban renewal district was defined and named Legacy Crossing District. During the course of fiscal year 2007-2008, a plan was written, public comment was obtained, and a feasibility study conducted. The final Legacy Crossing Urban Renewal District plan was accepted by the City Council in June 2008 and filed as approved by the Idaho State Tax Commission in August 2008. During fiscal year 2009-2010, the Agency issued bonds to finance the purchase of the land relating to Legacy Crossing District.

Measurement Focus and Basis of Accounting. The financial statements of the Moscow Urban Renewal Agency have been prepared in accordance with accounting principles generally accepted in the United States of America 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 Agency uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued).

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers revenues as available if they are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB #54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB #54 requires the fund balance amounts to be properly reported within one of the fund balance categories below:

Nonspendable

Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted

Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed

Includes amounts that can only be used for the specific purposes determined by a formal action of the government’s highest level of decision-making authority.

Assigned

Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned

Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency-Wide Financial Statements. The statement of net position and the statement of activities display information about the overall Agency. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the Agency since there are no “business-type activities” within the Agency. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency’s sole function of economic development within the Agency boundaries. 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. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Agency’s funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The Agency has only governmental-type funds. Because there are only two funds, they are both presented on the face of the fund financial statements.

Basis of Presentation. The Agency uses the following governmental funds:

General Fund – This fund was created by the Agency, separate and apart from all other funds of the Agency, designated the “General Fund,” into which shall be deposited the excess interest revenues earned and incremental tax revenues received each year, after the provision has been made for payment of principal and interest on the bonds. The provision is determined by the Board and is sufficient to pay the costs of administration of the Agency for the fiscal year.

Legacy Crossing District Fund – This fund was created by the Agency as a special fund held by the Agency, separate and apart from all other funds of the Agency, designated the “Legacy Crossing District Fund." All incremental tax revenues relating to each individual project area shall be deposited promptly upon receipt by the Agency into the associated fund and shall be used only for the following purposes and in the following order of priority:

- First, to pay the interest on the bonds and notes payable relating to the associated project.
- Second, to pay the principal of the bonds and notes payable relating to the associated project.
- Third, to fund the general fund.
- Fourth, to fund construction in the project areas for plans as legally approved by the Moscow Urban Renewal Agency Commission.
- Fifth, for any lawful purpose of the Agency.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates. The Agency uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the Agency uses.

Budgets. As required by Idaho law, the Agency has adopted a budget, which is presented on the face of the financial statements.

Deposits and Investments. Cash is invested by the Agency until it is needed for the purpose of maximizing investment earnings. The investments are reported at fair value at September 30, 2024. The fair value is combined with the checking account balance and is presented as cash and investments.

Capital Assets. Capital assets are long lived assets of the Agency as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The Agency records all capital assets at their original cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets consist of land relating to the Legacy Crossing District.

Long-Term Obligations. Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated for early payment in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability.

Personnel. The Agency employs no personnel and, thus, has no liability disclosures for pension costs, employee compensated absence or payroll tax accruals. The Agency agrees to pay $57,005 to the City of Moscow for services provided through City Administration, Public Works, Finance, and Community Development departments. Additionally, the Agency retains an Executive Director whose duties and responsibilities are equally separated from the City's Community Development Director. The Agency contracts with the City for the Executive Director's services, as stipulated in the City Services Agreement between the City and the Agency.

2. PROPERTY TAXES

In accordance with Idaho law, property taxes are levied in dollars in September for each calendar year. Levies are made on or before the second Monday of September. One-half of the property taxes are due on or before December 20th, and the remaining one-half is due on or before June 20th of the following year. A lien is filed on property after three years from the date of delinquency.

2. PROPERTY TAXES (CONTINUED)

The Agency has no direct taxing power. The agency receives property taxes based upon the increase in assessed value of property caused by construction and growth in valuation since the base year. All taxing districts within the tax allocation area receive property tax revenue from their respective tax rate at the base year's assessed value. The assessed property value of the Legacy Crossing District in the base years was $53,461,248. Each year since the base year, the assessed valuation has grown due to new construction, remodeling, or growth in value.

The increased valuation since the base year and the related property tax increment is listed as follows:

	Legacy Crossing District			
Tax Year	Valuation Increase		Tax Revenue	
2008	Base Year			
2009	$ 3,345,847		$ 53,020	
2010	8,377,408		129,830	
2011	8,958,913		144,052	
2012	5,449,902		97,548	
2013	5,757,256		116,809	
2014	8,170,320		179,241	
2015	8,760,571		179,552	
2016	9,097,017		179,343	
2017	11,903,272		228,980	
2018	20,267,003		371,958	
2019	42,649,716		745,517	
2020	47,124,123		794,408	
2021	53,461,248		876,060	
2022	68,073,934		841,139	
2023	89,042,452		1,019,437	
2024	100,950,185	(estimated)	980,000	(estimated)

3. CASH AND INVESTMENTS

At September 30, 2024, the carrying amount of the Agency's cash deposits was $26,216, and the bank balance was $26,216. The entire cash balance is FDIC insured.

As of September 30, 2024, the Agency had the following investments and maturities:

	Less than 1	1-5	Greater than 5	Interest Rate	Fair Value
Governmental Activities					
Cash and equivalents	$ 44,524			0.00	$ 44,524
Idaho State Treasurer's Local Government Investment Pool	3,618,256			5.30	3,618,256
Total investments	$3,662,780	$ 0	$ 0		$3,662,780

Interest rate risk: In accordance with its investment policy, the Agency manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk: As of September 30, 2024, the Agency's investment in the Idaho State Treasurer's Local Government Investment Pool is unrated. The Agency's investments held through Zions Bank are AAA rated by Moody's Investor Service and are implicitly guaranteed by the U.S. government.

Concentration of credit risk: The Agency's investment policy states that the Agency shall mitigate concentration risk by:

1. Limiting investments to avoid over concentration in securities from a specific issuer or business sector,
2. Limiting investment in securities that have higher credit risks,
3. Investing in securities with varying maturities, and
4. Continuously investing a portion of the portfolio in readily available funds such as the State Treasurer's Local Government Investment Pool, government-sponsored agencies, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's policies include investments approved by *Idaho Code* 50-1013, which limit custodial credit by purchasing marketable securities by an implied guarantee of the United States of America, and the Agency uses brokers that qualify under Securities & Exchange Commission *Rule 15C3-1*.

4. CAPITAL ASSETS

Capital assets consist of land, infrastructure for water, sewer, curbs and sidewalks, street lighting, and paving. Activity for the year ended September 30, 2024, was as follows:

	Beginning Balance 10/01/23	Increases	Decreases	Ending Balance 09/30/24
Capital assets not being depreciated				
Land	$ 679,420			$ 679,420
Total assets not being depreciated, net	679,420			679,420
Total assets being depreciated, net	0	$ 0	$ 0	0
Governmental activities capital assets, net	$ 679,420	$ 0	$ 0	$ 679,420

5. LONG-TERM OBLIGATIONS

The following is a summary of debt transactions of the Agency for the fiscal year ended September 30, 2024:

	Series 2010 Revenue Allocation Bond	Total
Debt payable, 9/30/23	$ 158,000	$ 158,000
Principal payments	(37,000)	(37,000)
Debt payable, 9/30/24	$ 121,000	$ 121,000

Debt outstanding at September 30, 2024, consisted of the following:

Revenue Allocation Bonds - Series 2010 - $510,000 Revenue Allocation (Tax Increment) Bonds due in annual installments, with an interest rate at September 30 1.99 percent.

5. LONG-TERM OBLIGATIONS (CONTINUED)

At September 30, 2024, the annual debt service requirements to maturity, assuming current interest rates, are as follows:

Year Ending September 30	Series 2010 Principal	Series 2010 Interest
2025	39,000	2,408
2026	40,000	1,632
2027	42,000	836
	$ 121,000	$ 4,876

Revenue Allocation Bonds are limited obligations of the Agency and are not general obligations of the Agency or the City of Moscow, Idaho. These bonds and other issued debt and the related interest are payable solely from property tax revenues from the designated project fund, reserve funds, and any unobligated funds of the Agency.

The total interest expense in 2024 amounted to $1,988 in the governmental funds.

The Agency also agreed to a long-term payback agreement with Latah County, Idaho, for the repayment of $168,903 of property taxes received in prior years (see note 8 for details). The payback agreement calls for annual installment payments over 15 years with no interest. At September 30, 2024, the annual required payments to Latah County are as follows:

September 30	Agreement
2025	5,000
2026	10,000
2027	12,000
2028	23,000
2029	24,537
	$ 74,537

6. FUND BALANCE CLASSIFICATIONS

Nonspendable. Nonspendable fund balances represent amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The Agency's nonspendable fund balance consists of land that is held for resale and is not considered to be in a spendable form.

6. FUND BALANCE CLASSIFICATIONS (CONTINUED)

Restricted. Restricted net position/fund balances represent amounts whose use is restricted by creditors, grantors, laws and regulations of other governments, or through enabling legislation. Restrictions for the Agency include resources of the Legacy Crossing District that are set aside for the specific purpose of satisfying debt service requirements set forth by the Agency's individual bond related covenants.

Assigned. The fund balances classified as assigned are for use for specific purposes but do not rise to the level of restricted or committed. The Agency has assigned balances that include the activities of the special revenue fund.

Unassigned. The unassigned fund balance is in the general fund and has not been restricted, committed, or assigned to specific purposes within the general fund.

7. PROPERTY TAX REPAYMENT AGREEMENT

As part of the creation of the Legacy Crossing District, all the parcels were given a base value premised on the 2008 property values. Assessed values above the 2008 base for those parcels benefit the District. Once the Area is established, a tax code area is created that identifies those taxing entities levying taxes within the Area. Beginning in 2009, any increase in the properties' assessed values times the levies, generates tax increment revenue for the District. The assessment process utilized by the County for three subsequent years from the base year of 2008 used certain software developed and provided by the Idaho State Tax Commission. It was determined that the software during this three-year period of time experienced a "glitch" that needed to be manually overridden by the Latah County Assessor's office in order to have prevented an over allocation of value. The Agency has no part of the assessment process or the establishment of the various tax levies.

Following the 2012 property tax assessment process, the County notified the Agency that after a review of the assessment process for the past three years, the District had been allocated too much assessed value. Disclosure note 2 on page 28 identifies these changes. The County determined that the Agency received an overpayment of $168,903 of property tax receipts over a three-year period. The remaining balance at September 30, 2024, was $74,537.

8. COMMITMENTS AND CONTINGENCIES

On September 21, 2011, the Agency entered into an Owners Participation Agreement (OPA) with Anderson Group, LLC, the developer of 625 South Jackson Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed $110,875 of public improvements and site remediation, without interest. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. Payment will be made in semi-annual installments in the amount of 50 percent of the tax increment revenue generated from the additional assessed value resulting from the development completed by the developer. Payments will only occur upon receipt of tax increment revenue and will continue until the principal has been paid or December 31, 2032, whichever occurs first. Payments made during fiscal year 2024 totaled $2,093. As of September 30, 2024, a total of $7,485 has been paid to the developer.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

On October 6, 2016, the Agency entered into an OPA with Larry A. Swanger, the developer of 203 West Third Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed $90,096 of public improvements related to the general condition and appearance of all Public Street and sidewalk infrastructure in the surrounding area, without interest. Payments made during fiscal year 2024 totaled $1,600. At September 30, 2024, a total of $54,146 has been paid to the developer.

On January 18, 2018, the Agency entered into an OPA with Gritman Medical Park LLC, the developer of 700 South Main Street – in the Agency's Legacy District. The Agency's financial participation is an anticipated amount not to exceed $600,000 of public improvements related to the general condition and appearance of all public street and sidewalk infrastructure in the surrounding area, without interest. The OPA sets out conditions the developer must meet to become eligible for Agency financial participation. Payment will be made in semi-annual installments in the amount of 50 percent of the tax increment revenue generated from the additional assessed value resulting from the development completed by the developer. Payments will only occur upon receipt of tax increment revenue and will continue until the principal has been paid or December 31, 2032, whichever occurs first. Payments made during fiscal year 2024 totaled $40,133. At September 30, 2024, a total of $259,477 has been paid to the developer.

9. SUBSEQUENT EVENT

Management has evaluated subsequent events through March 13, 2025, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Moscow Urban Renewal Agency
Moscow, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Moscow Urban Renewal Agency, a component-unit of the City of Moscow, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Moscow Urban Renewal Agency's basic financial statements, and have issued our report thereon dated March 13, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Moscow Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Presnell Gage, PLLC

March 13, 2025
Moscow, Idaho