



# BONNERS FERRY URBAN RENEWAL AGENCY

Bonnors Ferry, Idaho



Audited Financial Statements  
For the Year Ended September 30, 2021

# BONNERS FERRY URBAN RENEWAL AGENCY

Bonnors Ferry, Idaho

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## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
Bonners Ferry Urban Renewal Agency  
Bonners Ferry, Idaho

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bonners Ferry Urban Renewal Agency, as of September 30, 2021, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and the budgetary comparison on pages 24 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2022 on our consideration of the Bonners Ferry Urban Renewal Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bonners Ferry Urban Renewal Agency's internal control over financial reporting and compliance.

*Hayden Ross, PLLC*

Moscow, Idaho  
January 23, 2022



**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**

The Board of Commissioners  
Bonners Ferry Urban Renewal Agency  
Bonners Ferry, 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 governmental activities and each major fund of the Bonners Ferry Urban Renewal Agency, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Bonners Ferry Urban Renewal Agency's basic financial statements, and have issued our report thereon dated January 23, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bonners Ferry 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 Bonners Ferry Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bonners Ferry 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bonners Ferry Urban Renewal Agency'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 organization'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.

*Hayden Ross, PLLC*

Moscow, Idaho  
January 23, 2022

**BONNERS FERRY URBAN RENEWAL AGENCY**  
**Bonnors Ferry, Idaho**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**September 30, 2021**

The management's discussion and analysis (MD&A) of the Bonners Ferry Urban Renewal Agency's financial performance provides an overall review of the Agency's financial activities for the year ended September 30, 2021. The intent of this MD&A is to look at the Agency's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Agency's financial performance.

**Overview of the Financial Statements**

Management's Discussion and Analysis (MD&A) serves as an introduction to and should be read in conjunction with the basic audited financial statements.

The Bonners Ferry Urban Renewal Agency's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

The MD&A represents management's examination and analysis of the Agency's financial condition and performance. Summary financial statement data, the adopted budget, bond resolutions, and other management tools were used for this analysis.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of Bonners Ferry Urban Renewal Agency's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of Bonners Ferry Urban Renewal Agency that are principally supported by taxes. The governmental activities of the Agency include general government, developer reimbursements, and public improvements.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bonners Ferry Urban Renewal Agency, like other state and local governments, uses fund accounting to



ensure and demonstrate compliance with finance-related legal requirements. Bonners Ferry Urban Renewal Agency has only governmental funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Bonners Ferry Urban Renewal Agency maintains two governmental funds, the general fund and the debt service fund. Information on these funds is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance.

Bonners Ferry Urban Renewal Agency adopts an annual appropriated budget for its governmental funds. The budget was not amended in the current year.

**Notes to the Financial Statements.** The notes to the financial statements provide disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

**Government -Wide Financial Analysis  
Net Position of Governmental Activities**

	<u>2021</u>	<u>2020</u>
Current assets	275,643	301,873
Restricted Assets	84,992	84,958
Total assets	<u>360,635</u>	<u>386,831</u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Current liabilities	44,546	91,621
Noncurrent liabilities	436,277	477,196
Total liabilities	<u>480,823</u>	<u>568,817</u>
Deferred inflows of resources	<u>104,282</u>	<u>86,547</u>
Net position		
Restricted	84,992	84,884
Unrestricted	<u>(309,462)</u>	<u>(353,417)</u>
Total net position	<u>\$ (224,470)</u>	<u>\$ (268,533)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Bonners Ferry Urban Renewal Agency, total net position was (\$224,470), an improvement over the (\$268,533) from the prior year.

The negative net position is a result of debt financing for assets that do not ultimately become property of the Agency, rather they become property of other entities and governments.

**Change in Net Position.** The main source of income to the Agency is property tax income received from the Boundary County Assessor, based on the increase in taxes on all property in the URD since January 1, 2011.

The Agency's total revenues for the fiscal year ended September 30, 2021, were \$99,121. The total costs of all programs were \$55,058 resulting in an increase in net position of \$44,063. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2021 and 2020.

**Government- Wide Financial Analysis  
Changes in Net Position**

	<u>2020-2021</u>	<u>2019-2020</u>
<b>Revenues</b>		
Program Revenues:		
Operating grants and contributions	10,948	-
General Revenues:		
Property taxes	88,139	121,419
Interest earnings	34	43
<b>Total Revenues</b>	<u><b>99,121</b></u>	<u><b>121,462</b></u>
<b>Expenses</b>		
General government	38,294	33,576
Interest on long-term debt	16,764	18,088
<b>Total Expenses</b>	<u><b>55,058</b></u>	<u><b>51,664</b></u>
Change in net position	44,063	69,798
<b>Net position - beginning</b>	(268,533)	(290,029)
<b>Prior period adjustment</b>	-	(48,302)
<b>Net position - ending</b>	<u><b>\$ (224,470)</b></u>	<u><b>\$ (268,533)</b></u>

Delinquent taxes are collected by Boundary County for collection. Any taxes that are more than three years delinquent are collected by the County during a tax deed sale, and then remitted to the URA.

**Change in Fund Balance.** The Agency completed the year with a total governmental unassigned fund balance of \$95,418, which is up \$6,399 from the prior year unassigned fund balance of \$89,019. The Agency has a committed fund balance of \$75,000. The Agency created a debt service fund in 2016; the fund balance of this fund is restricted for debt service. The debt service fund ended the year with a restricted fund balance of \$84,992, which is in excess of the 150% of the annual debt service required to be restricted based on the bond covenants.

Total governmental fund revenues decreased from the prior year by \$17,283, which was due to a decrease in property tax revenue.

Total governmental expenditures increased from the prior year by \$4,718, due to an increase in professional fees.

### **BUDGETARY HIGHLIGHTS**

- The Agency had budgeted \$126,644 for public facilities and infrastructure improvements, but spent none for the year ending September 30, 2021, resulting in a variance between budget and actual expenditures of \$126,644 for this line item.
- The Agency also budgeted \$20,000 for developer reimbursements, but spent none for the year ending September 30, 2021, resulting in a variance between budget and actual expenditures of \$20,000 for this line item.

All other variances from budget to actual were immaterial.

### **SUMMARY OF ORGANIZATION AND OPERATIONS**

Significant operational data follows:

- The District is an agency of the city of Bonners Ferry, operating under the laws of the State of Idaho. Three to nine board members are appointed by the Mayor and confirmed by the City Council. The District operates using a General Fund, a Bond Reserve Fund, and a Debt Service Fund. There is also a Revenue Fund, which operates as a pass-through for the receipt of all revenues and their distribution to the other funds.
- The District's administration is contracted to the City of Bonners Ferry.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Asset and debt administration highlight for the year include:

- The URA does not typically acquire capital assets but rather as an agency of the City of Bonners Ferry helps to pay for public infrastructure for the City and other entities and local or state governments.
- The URA issued debt in the amount of \$740,000 in 2014, to reimburse developers for assets paid for during the construction of the Super One Store, a project that has created over 100 new jobs. The debt was financed by American West Bank (now Banner Bank).
- In 2016, the Board members agreed to refinance the remaining debt incurred in 2014 with Banner Bank (previously American West Bank), for 15 years at a fixed rate of 3.3%. The debt has a fifteen-year amortization (paid semi-annually on February 1 and August 1). Annual payments are \$56,551 for the duration of the fifteen years.

## **ECONOMIC FACTORS AND BUDGET ISSUES**

- Growth in new tax increment is expected to slow in the next fiscal year. This is due to the expected lower levy rates of the Agencies providing tax increment, which results in lower taxes from commercial properties in the URD.

**Requests for Information.** This financial report is designed to provide a general overview of the Bonners Ferry Urban Renewal Agency's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrator of the URA, Lisa Ailport, at P.O Box 149, Bonners Ferry, ID 83805.

## FINANCIAL STATEMENTS

**BONNERS FERRY URBAN RENEWAL AGENCY**

Bonners Ferry, Idaho

**STATEMENT OF NET POSITION**

September 30, 2021

**Assets**

## Current assets:

Cash and cash equivalents 171,361

Unbilled taxes receivable 104,282

Restricted cash and cash equivalents 84,992

Total current assets 360,635

Total assets 360,635

**Deferred Outflows of Resources** -**Liabilities**

## Current liabilities:

Accounts payable 943

Accrued interest 2,683

Current portion of bonds payable 40,920

Total current liabilities 44,546

## Noncurrent liabilities:

Bonds payable, less current portion 436,277

Total liabilities 480,823

**Deferred Inflows of Resources**

Unavailable tax revenue 104,282

**Net Position**

Restricted for debt service 84,992

Unrestricted (309,462)

Total net position \$ (224,470)

**BONNERS FERRY URBAN RENEWAL AGENCY**

Bonners Ferry, Idaho

**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

		Program Revenues			Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
<b>FUNCTIONS/PROGRAMS</b>					
Governmental activities:					
General government	38,294	-	10,948	-	(27,346)
Interest on long-term debt	16,764	-	-	-	(16,764)
Total governmental activities	55,058	-	10,948	-	(44,110)
Total	\$ 55,058	\$ -	\$ 10,948	\$ -	\$ (44,110)
<b>General Revenues</b>					
					88,139
					34
Total general revenues					88,173
Change in net position					44,063
Net position - beginning					(268,533)
Net position - ending					\$ (224,470)

**BONNERS FERRY URBAN RENEWAL AGENCY**

Bonners Ferry, Idaho

**GOVERNMENTAL FUNDS****BALANCE SHEET**

September 30, 2021

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and cash equivalents	171,361	-	171,361
Unbilled taxes receivable	-	104,282	104,282
Restricted cash and cash equivalents	-	84,992	84,992
Total assets	171,361	189,274	360,635
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	<u>\$ 171,361</u>	<u>\$ 189,274</u>	<u>\$ 360,635</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	943	-	943
Deferred inflows of resources:			
Unavailable tax revenue	-	104,282	104,282
Fund balance:			
Restricted for debt service	-	84,992	84,992
Committed	75,000	-	75,000
Unassigned	95,418	-	95,418
Total fund balance	170,418	84,992	255,410
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 171,361</u>	<u>\$ 189,274</u>	<u>\$ 360,635</u>



# **BONNERS FERRY URBAN RENEWAL AGENCY**

**Bonnors Ferry, Idaho**

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## **RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

**September 30, 2021**

Total Fund Balance - Governmental Fund	255,410
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Amounts reported for governmental activities in the statement of net position are different because:

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the government fund financial statements, an interest expenditures is reported when paid.	(2,683)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	<u>(477,197)</u>
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Total Net Position - Governmental Activities	<u><u>\$ (224,470)</u></u>
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**BONNERS FERRY URBAN RENEWAL AGENCY****Bonnors Ferry, Idaho**

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**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the Year Ended September 30, 2021**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>REVENUES</b>			
Property tax	-	90,370	90,370
Interest and investment earnings	-	34	34
Grant income	10,948	-	10,948
	<hr/>	<hr/>	<hr/>
Total revenues	10,948	90,404	101,352
<b>EXPENDITURES</b>			
Advertising	458	-	458
Audit	6,500	-	6,500
Bank charges	42	-	42
Professional fees	4,794	-	4,794
Accounting and administrative expenses	6,000	-	6,000
Rent and storage expenses	500	-	500
City of Bonners Ferry rebate	20,000	-	20,000
Debt service:			
Principal payments	-	39,584	39,584
Interest expense	-	16,967	16,967
	<hr/>	<hr/>	<hr/>
Total expenditures	38,294	56,551	94,845
 Excess (deficiency) of revenues over (under) expenditures			
	<hr/> (27,346)	<hr/> 33,853	<hr/> (61,199)
 Other financing sources (uses)			
Transfer in	<hr/> 33,745	<hr/> (33,745)	<hr/> -
 Net change in fund balance			
	<hr/> 6,399	<hr/> 108	<hr/> 6,507
 Fund balance - beginning			
	<hr/> 164,019	<hr/> 84,884	<hr/> 248,903
 Fund balance - ending			
	<hr/> <u>\$ 170,418</u>	<hr/> <u>\$ 84,992</u>	<hr/> <u>\$ 255,410</u>

# BONNERS FERRY URBAN RENEWAL AGENCY

Bonnors Ferry, Idaho

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## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended September 30, 2021

Net change in fund balance - governmental funds	6,507
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Amounts reported for governmental activities in the statement of activities are different because:

Some property taxes will not be collected for several months after the Agency's fiscal year ends and they are not considered as "available" revenues in the governmental funds. Instead they are counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(2,231)
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Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due.	203
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Repayment of the principal on general bonded indebtedness is an expenditure in the governmental funds but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.

Revenue bonds	<u>39,584</u>
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Total change in net position - governmental activities	<u>\$ 44,063</u>
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**BONNERS FERRY URBAN RENEWAL AGENCY**  
**Bonnors Ferry, Idaho**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2021**

**NOTE 1      Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

The accompanying financial statements include all aspects controlled by the Board of Commissioners of Bonners Ferry Urban Renewal Agency. The Agency is included as a component unit in the City of Bonners Ferry, Idaho financial reporting. These statements present only the funds of the Agency and are not intended to present the financial position and results of operations of the City of Bonners Ferry, Idaho.

Under the Idaho Code, in June 2011, the Bonners Ferry City Council passed an ordinance that created the Bonners Ferry Urban Renewal Agency. The Agency was established to promote urban development and improvement in and around the City of Bonners Ferry. In February 2020, the Bonners Ferry City Council passed an additional ordinance that adopted the South Hill West Urban Renewal Plan to be administered by the Agency, which includes improvements to the streets and wastewater facility and lines in the area.

Under the Idaho Code, the Agencies have the authority to issue bonds. Any bonds issued by the Agencies are payable solely from the revenues attributable to tax increment financing. Any bonds issued are not a debt of the City. Bonners Ferry City Council is not responsible for approving the Agencies budget or funding any annual deficits. The Agencies controls disbursements independent of City Council.

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

**Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. The Agency does not have any business-type activities.

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

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

The financial transactions of the Agency are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Agency and are considered major funds:

General Fund – This fund is established to account for resources devoted to financing the general services that the Agency performs for its patrons. General tax revenues and other sources of revenue used to finance the fundamental operations of the Agency are included in this fund. This fund is charged with all costs of operating the Agency for which a separate fund has not been established.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long—term, principal, interest, and related costs.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred as under accrual accounting. However, expenditures related to debt service, are recorded when payment is due. Expenditure recognition occurs in the accounting period in which the liability is incurred if measureable. Principal and interest on general long-term debt are recognized as fund liabilities when due, or when amounts have been accumulated (if appropriate) in a debt service fund for payment to be made in the following year.

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

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

**Cash and Cash Equivalents** – In the governmental funds, cash received by the Agency is pooled for investment purposes and is presented as “Cash and Cash Equivalents” on the financial statements. For presentation in the financial statements, cash and cash equivalents includes cash on hand, amounts due from banks, demand deposits, and cash with a fiscal agent.

**Receivables** – All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance for uncollectibles for property taxes was zero at September 30, 2021.

**Short-Term Interfund Loans Receivables/Payables** – During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables.” Interfund balances have been eliminated, when applicable, on the statement of net position.

**Capital Assets** – The Agency has no capital assets of its own. All infrastructure and equipment purchases noted have been dedicated to the government agency that will use those assets in its work.

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

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

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund, when due, or when resources have been accumulated in the general fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is maintained separately and represents a reconciling item between the fund and government-wide presentation.

**Deferred Outflows/Inflows of Resources** – In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does not have any items that qualify for reporting in this category.

In addition to liabilities, financial statements 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 (revenues) until that time. The government has

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

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 fund reports unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

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

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

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

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

**Restricted balances are as follows:**

- **Debt Services** – These restricted funds are used to make the principal and interest payments for outstanding bonds.

**Committed balances, as approved by the Board of Commissioners, are as follows:**

- **Committed** – The Board of Commissioners has committed \$75,000 for the City of Bonners Ferry's for matching funds related to a grant.

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

## **NOTE 2      Stewardship, Compliance, and Accountability**

### **Budgetary Data**

The Agency follows the procedures established by Idaho Code 50-1002, in establishing the budgetary data reflected in the financial statements. A summary of these procedures are as follows:

- a) The Agency publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments
- c) Prior to October 1, the budget is adopted by resolution of the Board of Commissioners and published

**Lapsing of Appropriations** – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations in conformity with Idaho Statutes.



## NOTE 3      Cash and Cash Equivalents

### Deposits

	<u>Carrying</u>	<u>Bank Balance</u>
Cash in bank	256,353	256,637
Total	<u>\$ 256,353</u>	<u>\$ 256,637</u>

Deposits are with Banner Bank of which \$250,000 of interest-bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance. All deposits were insured as of September 30, 2021.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the Agency will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Agency does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The Agency is not subject to credit risk as they have no investments. The Agency does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the Agency is not subject to interest rate risk as they do not have any investments. The Agency does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The Agency does not have a policy limiting the amount it may invest in any one issuer.

#### **NOTE 4      Property Tax**

Taxes are due in two equal installments on December 20 and June 20 following the levy date. The total 2020 tax levy was \$86,547, of which 100% was collected as of September 30, 2021.

In accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the Agency has recognized the 2021 property tax levy as an asset. This levy is an enforceable legal claim created during the fiscal year. The total property taxes levy for 2021 of \$104,282 is recorded as uncollected but are not considered available at September 30, 2021. The entire receivable is considered a deferred inflow of resources.

#### **NOTE 5      Long-Term Debt**

In June 2016, the Agency refinanced their original American West Bank revenue allocation bond with Banner Bank in the amount of \$688,826. The bonds have a 15-year life and an interest rate of 3.30%, maturing in August 2030. Semi-annual installments of principal and interest are due August 1 and February 1 each year, payments are \$28,275, beginning August 1, 2016 until August 1, 2030.

Bond covenants require a debt service account amount of at least half of the annual debt service payable during the year and a reserve account in the amount of the annual debt service bond. All revenue allocation proceeds as received shall be deposited in the revenue account as long as the bond remains outstanding. The Agency shall transfer from the Revenue Account first, to the Bond Reserve Account to satisfy the requirement, then to the Debt Service Account to maintain the minimum requirement, and then may transfer additional gross revenue allocation proceeds to the Agency's General Fund. Amounts available in the debt service account shall be applied to pay the semi-annual installments of principal and interest on the bond and to redeem principal of the bond. On any semi-annual payment date for the bond, if money in the debt service account is insufficient to make the payment of principal and interest due on such date, money shall be transferred from the reserve account to the debt service account to make up such deficiency.

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

	<b>Beginning Balance</b>	<b>Issued</b>	<b>Payments</b>	<b>Ending balance</b>	<b>Due within One Year</b>
2016 Bond	516,781	-	(39,584)	477,197	40,920
Total	<u>\$ 516,781</u>	<u>\$ -</u>	<u>\$ (39,584)</u>	<u>\$ 477,197</u>	<u>\$ 40,920</u>

**NOTE 5 Long-Term Debt (Continued)**

Debt service requirements at September 30 will be as follows:

<b>Year Ended 9/30/</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	40,920	15,631	56,551
2023	42,301	14,250	56,551
2024	43,694	12,857	56,551
2025	45,202	11,349	56,551
2026	46,727	9,824	56,551
2027- 2030	258,353	23,008	281,361
Totals	<u>\$ 477,197</u>	<u>\$ 86,919</u>	<u>\$ 564,116</u>

**NOTE 6 Risk Management**

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Agency is protected from such losses by Bonners Ferry's commercial insurance policy.

**NOTE 7 COVID-19**

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. There have been mandates from governing authorities requiring forced closures of schools, businesses, and other facilities and organizations. While the disruption is expected to be temporary, the current circumstances are evolving and dynamic. The full extent and duration of the impact of COVID-19 on the Agency's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable. Because of this, it may have a materially adverse impact on the Agency's business, results of operations, financial position, and cash flows.

## REQUIRED SUPPLEMENTARY INFORMATION

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**BONNERS FERRY URBAN RENEWAL AGENCY**

Bonners Ferry, Idaho

**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended September 30, 2021

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property tax	-	68,744	(68,744)
Grant income	10,948	-	10,948
Total revenues	10,948	68,744	(57,796)
<b>EXPENDITURES</b>			
Advertising	458	-	(458)
Audit	6,500	4,500	(2,000)
Bank charges	42	-	(42)
Developer reimbursements	-	20,000	20,000
Office expense	-	600	600
Professional fees	4,794	3,000	(1,794)
Accounting and administrative expenses	6,000	9,000	3,000
Rent and storage expense	500	-	(500)
Public improvements	-	126,644	126,644
City of Bonners Ferry Rebate	20,000	20,000	-
Total expenditures	38,294	183,744	145,450
Excess (deficiency) of revenues over (under) expenditures	(27,346)	(115,000)	87,654
Other financing sources (uses)			
Transfer in	33,745	-	33,745
Net change in fund balance	6,399	<u>\$ (115,000)</u>	<u>\$ 121,399</u>
Fund balance - beginning	164,019		
Fund balance - ending	<u>\$ 170,418</u>		

**BONNERS FERRY URBAN RENEWAL AGENCY**

Bonners Ferry, Idaho

**DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND  
ACTUAL****For the Year Ended September 30, 2021**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property tax	90,370	56,401	33,969
Interest and investment earnings	<u>34</u>	<u>150</u>	<u>(116)</u>
Total revenues	<u>90,404</u>	<u>56,551</u>	<u>33,853</u>
<b>EXPENDITURES</b>			
Principal payments	39,584	39,585	1
Interest expense	<u>16,967</u>	<u>16,966</u>	<u>(1)</u>
Total expenditures	<u>56,551</u>	<u>56,551</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,853</u>	<u>-</u>	<u>33,853</u>
Other financing sources (uses)			
Transfer out	<u>(33,745)</u>	<u>-</u>	<u>(33,745)</u>
Net change in fund balance	108	<u>\$ -</u>	<u>\$ 108</u>
Fund balance - beginning	<u>84,884</u>		
Fund balance - ending	<u>\$ 84,992</u>		