



## CITY OF BONNERS FERRY

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March 9, 2021

Honorable Mayor and Council  
City of Bonners Ferry, Idaho

Dear Mayor and City Council:

The Bonners Ferry Urban Renewal Agency is pleased to provide this annual report, pursuant to I.C. 50-2006(c) for fiscal year ending September of 2021. Also, the full audit is included for your review.

### FINANCIAL HIGHLIGHTS

The Bonners Ferry Urban Renewal Agency adopts an annual appropriated budget for its general funds. The budget was not amended in the current year. The Board also prepared, and the Council adopted the creation of a second Urban Renewal District, which saw little tax increment last year. The following table shows a comparison of the Agency's financial position from this year to the previous: S

#### Government -Wide Financial Analysis Net Position of Governmental Activites

	<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	-	-
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>

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) 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 the city of Bonners Ferry and are reflected on the city's asset list.

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 for district 1 and January 2020 for the South Hill West District.

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, 2020 and 2021.

**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>99,121</u>	<u>121,462</u>
<b>Expenses</b>		
General government	38,294	33,576
Interest on long-term debt	16,764	18,088
<b>Total Expenses</b>	<u>55,058</u>	<u>51,664</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>\$ (224,470)</u>	<u>\$ (268,533)</u>

The Agency completed the year with a total governmental unassigned fund balance of \$95,418, which is up \$6399 from the prior year unassigned fund balance of 89,019.

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 decreased from the prior year by \$4,718, due to a decrease 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 contacted by the City of Bonners Ferry, Lisa Ailport, the District Administrator.

## **CAPITAL ASSETS 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 help by American West Bank (now Banner Bank).
- The Board of Directors of the Agency on May 24, 2016 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 19 and August 19). Annual payments are \$56,551 for the duration of the fifteen years.

## **ECONOMIC FACTORS**

- 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.

## **CONCLUSION**

The economic outlook for the Bonners Ferry Urban Renewal District remains strong and should continue into the future. The city has already accepted a building permit for reconstruction of commercial property in the south hill west district, which is sure to assist this district financially in placement of the needed infrastructure. There is also talk of some residential homesite that could be constructed in the south hill west, which will also help to generate tax increment.

The original district was established for 24 years and will expire no later than June of 2035. The South Hill West district was established in 2020 for a period of 20 years, and is set to expire in February of 2040.

Should any member of the City Council have questions on the progress of the URA, I would be happy to assist you. Please don't hesitate to contact me.

Sincerely,



Lisa Ailport, AICP  
URA Administrator

Enclosure: FY2021 Audit