BONNERS FERRY URBAN RENEWAL AGENCY

Bonners Ferry, Idaho

Audited Financial Statements
For the Year Ended
September 30, 2024

BONNERS FERRY URBAN RENEWAL AGENCY

Bonners Ferry, Idaho

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FINANCIAL SECTION

HAYDEN ROSS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bonners Ferry Urban Renewal Agency, a component unit of City of Bonners Ferry, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Bonners Ferry Urban Renewal 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 each major fund of Bonners Ferry 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 Bonners Ferry 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bonners Ferry 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 Bonners Ferry Urban Renewal Agency'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 Bonners Ferry Urban Renewal Agency'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 on pages 6 through 10 and the budgetary comparison schedules on pages 25 through 26 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 inquires, 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 March 6, 2025 on our consideration of Bonners Ferry 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 Bonners Ferry Urban Renewal Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bonners Ferry Urban Renewal Agency's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
March 6, 2025

HAYDEN ROSS

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 Bonners Ferry Urban Renewal Agency, a component unit of City of Bonners Ferry, Idaho, as of and for the year ended September 30, 2024 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 March 6, 2025.

Report on 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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
March 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

The management's discussion and analysis (MD&A) of Bonners Ferry Urban Renewal Agency's financial performance provides an overall review of the Agency's financial activities for the year ended September 30, 2024. 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 the 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 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 the 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 Activites
As of September 30,

	2024	2023
Assets		
Current assets	239,052	279,845
Restricted assets	112,441	87,316
Total assets	351,493	367,161
Deferred outflows of resources	-	-
Liabilities		
Current liabilities	47,327	62,023
Noncurrent liabilities	305,090	350,291
Total liabilities	352,417	412,314
Deferred inflows of resources	136,893	119,445
Net position		
Restricted	112,441	87,316
Unrestricted	(250,258)	(251,914)
Total net position	$ (137,817)	$ (164,598)

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 ($137,817), an improvement of $26,781 from the prior year.

The negative net position is a result of debt financing for assets that do not 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 Boundary County, 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, 2024, were $124,973. The total costs of all programs were $98,192, resulting in an increase in net position of $26,781. The following table presents a summary of the changes in net position for the fiscal years ended September 30, 2024 and 2023.

Government- Wide Financial Analysis
Changes in Net Position

	2023-2024	2022-2023
Revenues		
General revenues:		
Property taxes	124,881	101,256
Interest earnings	92	85
Total revenues	**124,973**	**101,341**
Expenses		
General government	85,572	50,018
Interest on long-term debt	12,620	13,713
Total expenses	**98,192**	**63,731**
Change in net position	26,781	37,610
Net position - beginning	(164,598)	(202,208)
Net position - ending	**$(137,817)**	**$(164,598)**

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 fund balance of $212,790, a decrease of $16,399 from the prior year's fund balance of $229,189. 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 $110,856, which is more than the 150% of the annual debt service required to be restricted based on the bond covenants.

Total governmental fund revenues were $125,723, an increase from the prior year in the amount of $23,094, which was due to an increase in property tax revenue.

Total governmental expenditures were $142,122, an increase from the prior year in the amount of $35,553, due to an increase in capital improvements.

BUDGETARY HIGHLIGHTS

- The Agency had budgeted $148,356 for public facilities and infrastructure improvements, and spent $66,317 for the year ending September 30, 2024, resulting in a variance between budget and actual expenditures of $82,039 for this line item.
- The Agency had budgeted to receive $1,550 of tax revenue from the South Hill West Urban Renewal District (SHWURD) and to incur $1,550 of SHWURD expenditures. Tax revenues were $5,699 with no corresponding expenditures in FY2024.

- The Agency had budgeted $20,000 for City of Bonners Ferry rebate, and spent $8,000 for the year ending September 30, 2024, resulting in a variance between budget and actual of $12,000 for this line item.
- The Agency had budgeted $9,000 for Accounting and administrative, and spent $900 for the year ending September 30, 2024, resulting in a variance between budget and actual of $8,100 for this line item.

All other variances from budget to actual were immaterial.

SUMMARY OF ORGANIZATION AND OPERATIONS

Significant operational data is as follows:

- The URA 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 Agency operates using a general fund and a debt service fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Asset and debt administration highlights 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 revenue is expected to increase by approximately $15,000 in the next fiscal year. This is due to the expected increases in the incremental value of the URD properties and the related levy rate changes of the affected governmental agencies.

Requests for Information. This financial report is designed to provide a general overview of Bonners Ferry Urban Renewal Agency's finances for all those with an 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, David Sims, 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, 2024

Assets		
Current assets:		
Cash and cash equivalents	101,989	
Property tax receivable - SHWURD	170	
Unbilled taxes receivable - BFURA	130,046	
Unbilled taxes receivable - SHWURD	6,847	
Restricted assets:		
Cash and cash equivalents	85,251	
Property tax receivable	27,190	
Total current assets		351,493
Total assets		351,493
Deferred Outflows of Resources		-
Liabilities		
Current liabilities:		
Accounts payable	225	
Accrued interest	1,900	
Current portion of bonds payable	45,202	
Total current liabilities		47,327
Noncurrent liabilities:		
Bonds payable, less current portion		305,090
Total liabilities		352,417
Deferred Inflows of Resources		
Unavailable tax revenue		136,893
Net Position		
Restricted for debt service	112,441	
Unrestricted	(250,258)	
Total net position		$ (137,817)

BONNERS FERRY URBAN RENEWAL AGENCY
Bonners Ferry, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

		Program Revenues			Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental activities:					
General government	85,572		-	-	(85,572)
Interest on long-term debt	12,620	-	-	-	(12,620)
Total governmental activities	98,192	-	-	-	(98,192)
Total	$ 98,192	$ -	$ -	$ -	$ (98,192)

General Revenues	
Taxes	124,881
Interest earnings	92
Total general revenues	124,973
Change in net position	26,781
Net position - beginning	(164,598)
Net position - ending	$ (137,817)

BONNERS FERRY URBAN RENEWAL AGENCY
Bonners Ferry, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General Fund	Debt Service Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and cash equivalents	101,989	-	101,989
Property tax receivable - SHWURD	170	-	170
Unbilled taxes receivable - BFURA	-	130,046	130,046
Unbilled taxes receivable - SHWURD	6,847	-	6,847
Restricted assets:			
Cash and cash equivalents	-	85,251	85,251
Property tax receivable - BFURA	-	27,190	27,190
Total assets	109,006	242,487	351,493
Deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	$ 109,006	$ 242,487	$ 351,493
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	225	-	225
Total liabilities	225	-	225
Deferred inflows of resources:			
Deferred revenue	-	1,585	1,585
Unavailable tax revenue	6,847	130,046	136,893
Total deferred inflows of resources	6,847	131,631	138,478
Fund balance:			
Restricted for debt service	-	110,856	110,856
Committed	129,898	-	129,898
Unassigned			
Unassigned - BFURA	(34,549)	-	(34,549)
Unassigned - SHWURD	6,585	-	6,585
Total fund balance	101,934	110,856	212,790
Total liabilities, deferred inflows of resources and fund balance	$ 109,006	$ 242,487	$ 351,493

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total Fund Balance - Governmental Fund	212,790
Amounts reported for governmental activities in the statement of net position are different because:	
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	1,585
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.	(1,900)
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	(350,292)
Total Net Position - Governmental Activities	$ (137,817)

BONNERS FERRY URBAN RENEWAL AGENCY

Bonners Ferry, Idaho

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

	General Fund	Debt Service Fund	Total
REVENUES			
Property tax - BFURA	-	119,932	119,932
Property tax - SHWURD	5,699	-	5,699
Interest and investment earnings	-	92	92
Total revenues	5,699	120,024	125,723
EXPENDITURES			
Accounting and administrative	900	-	900
Advertising	542	-	542
Audit	7,300	-	7,300
Capital improvements	66,317	-	66,317
City of Bonners Ferry rebate	8,000	-	8,000
Professional fees	2,013	-	2,013
Lease and storage	500	-	500
Debt service:			
Principal payments	-	43,693	43,693
Interest	-	12,857	12,857
Total expenditures	85,572	56,550	142,122
Excess (deficiency) of revenues over (under) expenditures	(79,873)	63,474	(16,399)
Other financing sources (uses)			
Transfer in (out)	37,752	(37,752)	-
Net change in fund balance	(42,121)	25,722	(16,399)
Fund balance - beginning	144,055	85,134	229,189
Fund balance - ending	$ 101,934	$ 110,856	$ 212,790

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, 2024

Net change in fund balance - governmental funds	(16,399)
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.	(750)
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.	237
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	43,693
Total change in net position - governmental activities	$ 26,781

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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

Bonners 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 (SHWURD) 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 Agency has the authority to issue bonds. Any bonds issued by the Agency are payable solely from the revenues attributable to tax increment financing. Any bonds issued are not a debt of the City. Bonners Ferry City Council is not responsible for approving the Agency's budget or funding any annual deficits. The Agency controls disbursements independent of the 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. This fund is charged with all costs of operating the Agency for which a separate fund has not been established.

Debt Service Fund – This 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 measurable. Principal and interest on general long-term debt are recognized as fund liabilities when due, or when amounts have been accumulated (if appropriate) in a debt service fund for 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 include 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, 2024.

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 debt service 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 that time.

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.

NOTE 1 Summary of Significant Accounting Policies (Continued)

Leases - The Agency evaluates the term of the lease at inception. Leases that met the definition of a right-of-use (ROU) lease are included as ROU lease assets and ROU lease liabilities on the government-wide financial statements.

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Agency's incremental borrowing rate, based on the information available at commencement date, is used to determine the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option(s) will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with a maximum term of 12 months or less are excluded from the ROU asset and liability amounts.

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 Definitions, GASB 54 – The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. 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. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes based on Board designation but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual

NOTE 1 Summary of Significant Accounting Policies (Continued)

classification for the government's general fund and includes all spendable amounts not contained in the other classifications. The Agency applies committed resources, then assigned resources, then unassigned resources when an expense is incurred for purposes for which all fund balances classifications are available.

Restricted balances are as follows:

- **Debt Service** – 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:

- **Developer Reimbursement** – The Board of Commissioners has committed $129,898 to a local developer for costs incurred in construction of URA development costs.

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 disclosers. Accordingly, actual results could differ from those estimates.

Unavailable Tax Revenue – Unavailable property tax revenue in the general fund (for SHWURD) and the debt service fund represents the property taxes levied for 2024 that is measurable but unavailable to the Agency, and therefore recorded as a deferred inflow of resources in both the governmental fund and the government-wide financial statements.

Subsequent Events – Management has evaluated subsequent events through the date of the audit report. This is the date the financials were available to be issued. Management has concluded no subsequent events have occurred.

NOTE 2 Recently Adopted Accounting Guidance

For the year ended September 30, 2024, there was one new GASB statement that became effective. The adoption of the statement has the following effect for the Agency:

GASB Statement No. 100, Accounting Changes and Error Corrections – This statement delineates required note disclosures when there is a reported accounting change or correction of an error. This statement did not have an effect on the financial reporting of the Agency.

NOTE 3 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 4 Cash and Cash Equivalents

Deposits

	Carrying Amount	Bank Balance
Cash in bank	187,240	187,240
Total	$ 187,240	$ 187,240

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, 2024.

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.

NOTE 4 Cash and Cash Equivalents (Continued)

Credit risk is the risk that the 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 principle 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 5 Property Tax

The Agency's property tax is recognized as an asset at the time the Agency has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the period for which the taxes are levied. For FY2024, the Agency has recognized the 2023 levy as revenue and the tax year 2024 levy as an asset.

Tax Year 2023 Levy (FY2024 Revenue)

The 2023 levy was based on property tax incremental value increases from the formation of the urban renewal agency. The property tax was levied in October 2023 and was due in two equal installments on December 20th and June 20th.

The total tax levy for the year was as follows:

	Amount
Property tax increment	115,931
Property tax increment - SHWURD	5,530
Total	$ 121,461

NOTE 5 Property Tax (Continued)

Tax Year 2024 Levy (FY2024 Asset)

The property tax levy for 2024 has been recorded as an asset in the general fund (for SHWURD) in the amount of $6,847 and the debt service fund (for BFURA) in the amount of $130,046. These levies are for the FY2025 operations and has been presented as unavailable property tax revenue.

Deferred Revenue

To the extent property taxes are not collected within 60 days of the end of the accounting period, a deferred revenue amount has been recorded.

	BFURA	SHWURD
Total taxes receivable at September 30, 2024	27,190	170
Less: Taxes estimated to be collected by the County Treasurer by November 30, 2024	(25,605)	(170)
Deferred revenue	$ 1,585	$ -

NOTE 6 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.

NOTE 6 Long-Term Debt (Continued)

Long-term liability activity for the year ended September 30, 2024, was as follows:

	Beginning Balance	Issued	Payments	Ending balance	Due within One Year
2016 Bond	393,985	-	(43,693)	350,292	45,202
Total	$ 393,985	$ -	$(43,693)	$ 350,292	$ 45,202

Debt service requirements at September 30 will be as follows:

Year Ended 9/30/	Principal	Interest	Total
2025	45,202	11,349	56,551
2026	46,727	9,824	56,551
2027	48,303	8,248	56,551
2028	49,916	6,635	56,551
2029	51,617	4,934	56,551
2030	108,527	3,191	111,718
Totals	$350,292	$44,181	$394,473

NOTE 7 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 the City of Bonners Ferry's commercial insurance policy.

NOTE 8 Interfund Receivables, Payables and Transfers

Interfund Transfers – Transfers to support the operations of other funds are recorded as "Transfers" and are classified as "Other financing Sources or uses." Total transfers as of September 30, 2024 are as follows:

Fund	Out	In
Debt Service	37,752	-
General	-	37,752
Total	$37,752	$37,752

REQUIRED SUPPLEMENTARY INFORMATION

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, 2024

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Property tax - SHWURD	5,699	1,550	4,149
EXPENDITURES			
Accounting and administrative	900	9,000	8,100
Advertising	542	350	(192)
Audit	7,300	7,300	-
Capital improvements	66,317	148,356	82,039
City of Bonners Ferry rebate	8,000	20,000	12,000
Office	-	100	100
Professional fees	2,013	2,000	(13)
Lease and storage	500	500	-
SHWURD expenditures	-	1,550	1,550
Total expenditures	85,572	189,156	103,584
Excess (deficiency) of revenues over (under) expenditures	(79,873)	(187,606)	107,733
Other financing sources (uses)			
Transfer in	37,752	44,426	(6,674)
Net change in fund balance	(42,121)	$ (143,180)	$ 101,059
Fund balance - beginning	144,055		
Fund balance - ending	$ 101,934		

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, 2024

	Actual	Budget	Variance Favorable (Unfavorable)
REVENUES			
Property tax - BFURA	119,932	101,000	18,932
Interest and investment earnings	92	55	37
Total revenues	120,024	101,055	18,969
EXPENDITURES			
Principal payments	43,693	43,717	24
Interest	12,857	12,912	55
Total expenditures	56,550	56,629	79
Excess (deficiency) of revenues over (under) expenditures	63,474	44,426	(19,048)
Other financing sources (uses)			
Transfer out	(37,752)	(44,426)	6,674
Net change in fund balance	25,722	$ -	$ 25,722
Fund balance - beginning	85,134		
Fund balance - ending	$ 110,856		